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ABSTRACT

This report to accompany H.R. 7394, Veterans' Rehabilitation and Education Amendments of 1980, provides supplementary and support materials. It first summarizes and discusses the bill which would amend Title 38, U.S. Code, to revise the Veterans' Vocational Rehabilitation Program by (1) providing a 10% increase in rates of educational assistance under the GI Bill, (2) making certain improvements in the educational assistance programs for veterans and eligible survivors and dependents, (3) revising and expanding veterans' employment and training programs, and (4) providing certain cost-saving administrative provisions. Discussion of the eight titles of the bill follows. Other sections include oversight findings, and inflationary impact statement, discussion of cost, and budget statement. A section-by-section analysis of the bill is also provided. Thirteen reports from the Administration received by the Committee are presented. The report concludes with a copy of the existing law, Title 38, U.S. Code, showing changes made by H.R. 7394. (YLB)

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96th Congress
2d Session } HOUSE OF REPRESENTATIVES { Report
No. 96-1154

VETERANS' REHABILITATION AND EDUCATION AMENDMENTS OF 1980

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
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REPORT

OF THE

COMMITTEE ON VETERANS' AFFAIRS

TO ACCOMPANY

H.R. 7394

[Including cost estimate of the Congressional Budget Office]

TO AMEND TITLE 38, UNITED STATES CODE, TO REVISE THE VETERANS' VOCATIONAL REHABILITATION PROGRAM, TO PROVIDE A 10 PERCENT INCREASE IN THE RATES OF EDUCATIONAL ASSISTANCE UNDER THE GI BILL, TO MAKE CERTAIN IMPROVEMENTS IN THE EDUCATIONAL ASSISTANCE PROGRAMS FOR VETERANS AND ELIGIBLE SURVIVORS AND DEPENDENTS, TO REVISE AND EXPAND VETERANS' EMPLOYMENT AND TRAINING PROGRAMS, TO PROVIDE CERTAIN COST-SAVING ADMINISTRATIVE PROVISIONS, AND FOR OTHER PURPOSES

July 2, 1980.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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96th Congress } HOUSE OF REPRESENTATIVES { Report
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VETERANS' REHABILITATION AND EDUCATION AMENDMENTS OF 1980

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Mr. Roberts, from the Committee on Veterans' Affairs, submitted the following

REPORT

[To accompany H.R. 7394]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 7394) to amend title 38, United States Code, to revise the veterans' vocational rehabilitation program, to provide a 10 percent increase in the rates of educational assistance under the GI bill, to make certain improvements in the educational assistance programs for veterans and eligible survivors and dependents, to revise and expand veterans' employment and training programs, to provide certain cost-saving administrative provisions, and for other purposes, having considered the same, reports favorably thereon by unanimous voice vote, with amendments, and recommends that the bill as amended do pass.

The amendments (stated in terms of the page and line numbers of the introduced bill) are as follows:

Page 41, line 3, strike out "REVISION OF ELIGIBILITY FOR".

Page 44, line 1, strike out "if" and insert in lieu thereof "If".

Page 47, line 17, strike out "except" and insert in lieu thereof "Except".

Page 49, line 9, insert "and" after the semicolon.

Page 49, strike out lines 10 and 11.

Page 49, line 12, strike out "(iii)" and insert in lieu thereof "(ii)".

Page 49, line 14, insert "and" after the semicolon.

Page 49, line 17, strike out "; and" and insert in lieu thereof a period.

Page 49, strike out lines 18 through 20.

Page 50, strike out lines 16 and 17 and insert in lieu thereof: "CERTAIN AMOUNTS DUE THE UNITED STATES".

Page 51, line 10, strike out the closing quotation marks and the second period.

Page 52, after line 14, strike out "charges" in the item relating to section 3114 and insert in lieu thereof "and other costs".

Page 60, strike out line 23 and all that follows down through line 2 on page 61 and insert in lieu thereof the following:

> "(2) Section 552a of title 5 shall not apply to records released by the Administrator to a consumer reporting agency under a contract entered into to accomplish any of the purposes set forth in paragraph (1) of this subsection. The Administrator shall take reasonable steps to provide for the personal privacy of persons about whom information is disclosed under such paragraph. For the purposes of this paragraph, the term 'Consumer reporting agency' has the meaning given such terms by paragraph (7) of subsection (f) of this section.

Page 61, strike out line 8 and all that follows on such page through the item following line 23.

Page 62, line 3, strike out "605" and insert in lieu thereof "604".

Page 62, line 21, strike out "6" and "4" and insert in lieu thereof "(6)" and "(4)", respectively.

Page 62, line 22, strike out "5" and insert in lieu thereof "(5)".

Page 63, line 11, strike out "(d)(2)" and insert in lieu thereof "(c)(2)".

Page 63, line 15, strike out "Section 1784(c)" and insert in lieu thereof "Subsection (c) of section 1784 (as redesignated by section 322(a)(3))".

Page 64, line 4, strike out "606" and insert in lieu thereof "605".

Page 64, after line 16, insert the following new subsection:

> (c) Section 1780(a) (as amended by section 601(d)(1)(A)) is further amended by inserting after clause (4) the following new clause (5):
>
> > "(5) to any eligible veteran or person incarcerated in a Federal, State, or local prison or jail for any course (A) for which the tuition and fees of the veteran or person are paid under any Federal program (other than a program administered by the Administrator) or under any State or local program, or (B) for which there are no tuition and fees.".

Page 65, strike out lines 8 through 13 and insert in lieu thereof the following:

> Sec. 801. (a)(1) Except as provided in paragraph (2), the amendments made by title I shall take effect on October 1, 1980, or on the first day of the first month beginning after the end of the sixty-day period beginning on the date of the enactment of this Act, whichever is later.
>
> (2) Section 1506 of title 38, United States Code, as amended by the amendment made by section 101(a), shall apply to payments of subsistence allowances for periods beginning after September 30, 1980.

(b) The amendments made by title II shall take effect on October 1, 1980.

(c)(1) Except as provided in paragraph (2), the amendments made by titles III, IV, V, and VI shall take effect on the first day of the first month beginning after the end of the sixty-day period beginning on the date of the enactment of this Act.

(2) The amendments made by sections 311, 601, and 604 shall take effect on October 1, 1980.

(d) The amendments made by title VII shall take effect on the date of the enactment of this Act.

SUMMARY OF THE BILL

The reported bill contains the following titles:

Title I contains essentially the same provisions as those in H.R. 5288, approved by the House on October 16, 1979. It revises the Vocational Rehabilitation Program by authorizing the VA to utilize all necessary services to enable veterans with service-connected disabilities to become employable, obtain suitable employment, and maintain employment. Also included is a proposed 17 percent increase in subsistence rates.

Title II includes a proposed 10 percent across the board rate increase in all VA education and training programs, except the Vocational Rehabilitation Program. Cost of the increase is estimated to be $273.3 million for fiscal year 1981.

Title III includes several educational program changes, including amendments to the 50 Percent Employment Rule, Satisfactory Progress Requirements, and the 85–15 Rule, which relate to approval of courses for veterans. The majority of the provisions in Title III were approved when the House passed H.R. 5288 on October 16, 1979.

Title IV makes minor amendments to the chapter 32 Contributory Post-Vietnam Era Education Program.

Title V proposes a number of changes in veterans' employment programs, including a revision of the definition of a veteran for entitlement to preference under Department of Labor programs.

Title VI proposes a number of improvements in education and training programs, clarifies and provides new authority to the Veterans' Administration to recover outstanding debts, and includes cost savings provisions in response to the reconciliation instructions contained in House Concurrent Resolution 307, the First Concurrent Resolution of the Budget for Fiscal Year 1981, adopted June 12, 1980 by the Congress.

Title VII contains a number of technical amendments.

Title VIII relates to the effective date of the provisions of the bill.

Each provision of the bill is explained in detail in the section-by-section analysis later in this report.

BACKGROUND

Before the end of World War II, Congress foresaw a pressing problem in the return to civilian life, over a relatively short period of time, of 15.6 million veterans. Responding to the anticipated need, Congress created a comprehensive package of benefits referred to as the GI Bill, to ease the social and economic readjustment of these veterans to civilian life. In approving the GI Bill, Congress recognized the extra contribution made by persons who wore the uniform during that war.

The Veterans' Administration has been providing education and training benefits since June 1944 when 4,000 people began training under the Vocational Rehabilitation program which was passed by the 78th Congress and signed into law by President Roosevelt. Subsequently, the first GI Bill became law and the first of the 7,800,000 World War II veterans began to train. Once the Government assumed the responsibility to help veterans readjust to civilian life after World War II, similar efforts were renewed for Korean Conflict and Vietnam era veterans. Almost 19 million veterans, survivors, dependents and active duty service personnel have received educational benefits under the three GI bills, the Vocational Rehabilitation program and the Survivors' and Dependents' Educational Assistance program. Nearly 17.7 million trainees have used benefits under one of the three GI bills. This total includes 7.8 million under the World War II GI Bill, nearly 2.4 million under the Korean Conflict GI Bill, and 7.5 million under the Post-Korean Conflict GI Bill. As of the end of September 1979, a total of 6,094,518 Vietnam era vetarans and service personnel had trained under chaper 34. This figure represented 65.0 percent of the estimated Vietnam era veteran population of 9,383,000.

The current GI Bill (ch. 34, title 38 USC) became effective June 1, 1966. It was enacted by the Congress to provide educational or vocational opportunities to veterans in recognition of the contribution made in the national interest by their service in the Armed Forces after January 31, 1955. Also, these opportunities were made available to service personnel on active duty who had completed 181 or more days of service. Persons who complete 18 or more months of active duty in the Armed Forces are eligible for up to the equivalent of 45 months of full-time schooling or on-job training.

The Vocational Rehabilitation Program (ch. 31, title 38 USC) is for veterans who are in need of vocational rehabilitation to overcome a handicap resulting from service-connected disabilities. They may receive up to 48 months of education or training to restore their employability "unless a longer period is prescribed by the (VA) Administrator." The full cost of their training is paid by the Veterans' Administration and, in addition, they receive a subsistence allowance while in training and for two months after rehabilitation. These disabled veterans are provided counseling assistance in selecting a suitable objective and planning a program of rehabilitation training. While in training they are provided continuing help by vocational rehabilitation specialists. Necessary employment assistance is provided following completion of training.

The Dependents' and Survivors' Educational Assistance Program (ch. 35, title 38 USC) serves survivors or dependents of those veterans who died from service-connected causes or whose service-connected disability is rated permanent and total, or who died while a disability so evaluated was in existence. Spouses and children of service personnel who are missing in action or interned by a hostile foreign government for more than 90 days are also eligible under this program.

Up to 45 months of full-time training is provided in approved schools and on-job training programs.

The Post-Vietnam Era Veterans' Educational Assistance Program (ch. 32, title 38 USC) was enacted to provide educational assistance to those persons who enter the Armed Forces after December 31, 1976, to assist young men and women in obtaining an education they might not otherwise be able to afford, and to promote and assist the all volunteer military program of the United States by attracting qualified persons to serve in the Armed Forces. To be eligible for training under this program the person must have served 181 days or more, have been released under conditions other than dishonorable, and have participated in a payroll deduction plan. Benefits will be accumulated by including contributions from the participating serviceperson with matching funds from the VA at the rate of $2 for each $1 contributed by the participant. DOD may contribute an additional unspecified amount. The participant's contributions are limited to the range of $50 to $75 monthly and a total maximum of $2,700. Entitlement is limited to a maximum of 36 months or the number of months of participation, whichever is less.

Chapter 41—Job Counseling, Training, and Placement Service for Veterans—concerns programs and initiatives the intent of which is to establish an effective: (1) Job and job training counseling service program; (2) employment placement service program; and (3) job training placement service program for eligible veterans and eligible persons. Chapter 42—Employment and Training of Disabled and Vietnam Era Veterans—concerns: (1) Disabled veterans' and Vietnam era veterans' employment emphasis under Federal contracts; (2) several modifications of the eligibility requirements for persons attempting to qualify for certain Federal manpower training programs; and (3) options for employment and training (or combinations of employment and training) within the Federal Government. Veterans' Reemployment Rights, chapter 43, concerns the reemployment rights of persons who leave their jobs to perform training or service in the Armed Forces and the rights of persons who are members of the National Guard or members of the Reserves. Chapter 43 also concerns employers' obligations to returning veterans and to members of the National Guard and the Reserves.

More than 1.1 million veterans, dependents, and servicemen are expected to take training under one of these programs during fiscal year 1980, with the majority using the GI Bill. The Veterans' Administration estimates the cost of veterans' education and training programs for fiscal year 1980 will exceed $2 billion.

The current GI Bill is a declining program since accrual of eligibility has ended for all who entered on active duty since January 1, 1977. The program will terminate for all purposes on December 31, 1989. Notwithstanding, it is estimated by the VA that over 950,000 veterans and their dependents will be taking education and training courses in fiscal year 1981, with an expected cost in excess of $1.7 billion.

These comprehensive education and training courses are administered by 58 Veterans' Administration regional offices, at least one of which is located in each State. The Subcommittee on Education, Training and Employment, which has jurisdiction over these programs, held a number of hearings both in Washington and in the field, for the purpose of determining the effectiveness of these programs, and to review and study the administration and effectiveness of the laws establishing and amending these programs, with special emphasis on whether these programs are being implemented and carried out in accordance with the intent of Congress.

Employment programs for veterans are generally under the jurisdiction of the Department of Labor with the Deputy Assistant Secretary for Veterans' Employment having responsibility for monitoring the program.

A brief description follows of the time, place and subject matter of hearings held by the Subcommittee, which developed the legislation in the reported bill, H.R. 7394.

On March 28, 1979, the Subcommittee on Education, Training and Employment began hearings on a number of bills to amend the education and training programs administered by the Veterans' Administration and reviewed two studies mandated by Public Law 95-202. The proposals included an Administration proposal entitled GI Bill Amendments of 1979, introduced as H.R. 3272. Other proposals were H.R. 1531, a bill to exclude certain periods from being counted as absences for veterans taking courses of training not leading to a college degree; H.R. 1532, a bill to make certain technical corrections in laws administered by the Veterans' Administration; H.R. 1534, a measure to provide limitations on the payment of educational assistance to incarcerated veterans; H.R. 1876, a bill to authorize changes in the 50 percent employment requirement for approval of vocational courses; and H.R. 1877, a bill to exclude students receiving Federal educational grant assistance, other than from the Veterans' Administration, for the purpose of computing the 85-15 rule under Veterans' Administration education and training programs. The studies reviewed were: "The Necessity and Desirability of Including Recipients of Federal Grants Other Than From the Veterans' Administration in the 85-15 Ratio Computation", dated September 1978, House Committee Print No. 168, 95th Congress, 2d session, and "Progress or Abuse—A Choice", dated November 1978, House Committee Print No. 170, 95th Congress, 2d session.

Those testifying included: Andrew H. Thornton, Director, Education and Rehabilitation Service, Veterans' Administration; Joseph P. Gavenonis, National Legislative Director, National Association of State Approving Agencies; and Al Poteet, Assistant Director, National Legislative Service, VFW. Statements were submitted by: Robert E. Lyngh, Director, National Veterans' Affairs and Rehabilitation Commission, The American Legion; Jack Davis, Vice President for Student Services, Asheville-Buncombe Technical Institute, Asheville, North Carolina and James A. Kiser, Jr., Consultant for the South Carolina State Board for Technical and Comprehensive Education, Columbia, South Carolina; Charles B. Saunders, Jr., Vice President for Governmental Relations, American Council on Education, Washington, D.C.; Richard A. Fulton, Association of Independent Colleges and Schools; Michael Pertschuk, Chairman, Federal Trade Commission; John L. Baker, President, Aircraft Owners and Pilots Association; Charles E. Joeckel, Jr., Assistant National Legislative Director, Disabled American Veterans; and Lawrence L. Burian, President, National Air Transportation Association.

On April 3, 1979, a hearing was held on the vocational rehabilitation program, which included a review of a study of the provisions for veterans' vocational rehabilitation, prepared in compliance with section 307, Public Law 95–202 entitled "A Study of the Provisions for Veterans Vocational Rehabilitation" and printed as House Committee Print No. 167, 95th Congress, second session. Those testifying included: Ms. Dorothy L. Starbuck, Chief Benefits Director, Veterans' Administration; Gabriel Brinsky, National Service and Legislative Director, AMVETS; Donald H. Schwab, Director, National Legislative Service, VFW; and Gerald Jones, Legislative Director, Paralyzed Veterans of America.

On May 8, 1979, a hearing was held on employment programs for veterans, which included the apprenticeship and on-the-job training programs administered by the Veterans' Administration, and a review of veterans' employment programs authorized in chapter 41, Job Counseling, Training, and Placement Service for Veterans; chapter 42, Employment and Training of Disabled and Vietnam Era Veterans; and chapter 43, Veterans' Reemployment Rights, of title 38, U.S. Code.

The Subcommittee also reviewed the position of the Department of Labor on H.R. 1533, a bill to reduce from 3 months to 12 weeks the period of active duty service a member of the Reserves and the National Guard must serve before being entitled to reemployment rights. In addition, the President's message on Vietnam era veterans of October 10, 1978, together with the Presidential Review Memorandum (PRM), were reviewed by Government and public witnesses.

Those testifying included: Andrew H. Thornton, Director, Education and Rehabilitation Service, Veterans' Administration; Dennis R. Wyant, Deputy Assistant Secretary for Veterans' Employment, U.S. Department of Labor; Ronald W. Drach, National Employment Director, Disabled American Veterans; John Fales, Jr., Employment Director, Blinded Veterans Association; Al Poteet, National Legislative Service, VFW; Austin E. Kerby, Director, National Economics Commission, The American Legion; John Ardmore, Vice President, National Alliance of Businessmen; and George S. Woodbury, Director, Veterans Programs, University of Minnesota.

On July 31, 1979, the Subcommittee held a hearing on H.R. 3272, GI Bill Amendments of 1979; H.R. 4117, to improve and modernize the vocational rehabilitation program under chapter 31 of title 38, U.S. Code, an Administration bill encompassing some of the recommendations contained in the vocational rehabilitation study required by Public Law 95–202; and H.R. 4764, a bill to permit the VA to use consumer reporting agencies in the VA debt collection process. In addition to the Veterans' Administration and public witnesses, the Subcommittee received testimony from the General Accounting Office on H.R. 4764.

Those testifying included: Ronald F. Lauve, Associate Director, Human Resources Division, General Accounting Office; Guy H. McMichael III, General Counsel, Veterans' Administration; Edward J. Lord, Deputy Director, National Legislative Commission, and John

F. Sommer, Jr., Chief of Claims, The American Legion; Gabriel P. Brinsky, National Service and Legislative Director, AMVETS; and Richard W. Johnson, Jr., Coordinator of Veterans' Affairs, Non-Commissioned Officers Association of the U.S.A. Statements were submitted by: Stephen Edmiston, Administrative Assistant, Disabled American Veterans; Gerald Jones, Legislative Director, Paralyzed Veterans of America; Leland W. Myers, California Community Colleges Federal Affairs Council; and Al Poteet, Assistant Director, National Legislative Service, VFW.

In addition, a number of field hearings were held by the Subcommittee during the first session of the 96th Congress and the second session of the 95th Congress. These hearings were held in Newark, New Jersey, Los Angeles, California, and Atlanta, Georgia. The purpose of these hearings was to determine the effectiveness of the education, training and employment programs for veterans approved by the Congress, and to review and study in the field the application, administration, execution and effectiveness of these laws. The Subcommittee also sought to determine if veterans' laws and programs within the jurisdiction of the Committee were being implemented and carried out in accordance with the intent of Congress, and to determine if these programs should be continued, limited, or possibly eliminated.

These hearings disclosed that most Vietnam era veterans have made a successful readjustment to civilian life, but a small percentage are still unemployed and have not successfully readjusted. The Subcommittee heard from many witnesses, including Federal, State, county and city officials, and representatives of veterans' organizations and minority veterans.

Among the programs reviewed during the field hearings were the GI Bill program, vocational rehabilitation for disabled veterans, dependents' education programs, post-Vietnam era veterans' education assistance program, and employment programs administered by the Department of Labor, the Veterans' Administration, and the Office of Personnel Management. Also reviewed were the problems related to reaching and counseling veterans who have under-utilized or never used the benefits which Congress has approved to help veterans successfully readjust to civilian life.

Also of special interest to the Subcommittee at these field hearings was the continuing problem of educational overpayments which currently exceed $400 million. The implementation of the Veterans' Administration Education Loan Program, which authorizes education loans up to $2,500, has also created unexpected problems. Over 50% of the educational loans due and payable were in default.

The Subcommittee obtained information, testimony and evidence which provided a basis for administrative changes by the Veterans' Administration in tightening up its education loan program. These actions are curbing abuses, resulting in potential savings of millions of dollars. For example, as a result of the oversight and legislative hearings and staff investigations, it was learned the Veterans' Administration had been making education loans on a spasmodic basis, and, in many instances, without regard to the need for a loan to help the veteran pay his or her educational costs. These investigations resulted in the Veterans' Administration issuing new guidelines revising the criteria for granting education loans. As a result, the number of loans has been sharply reduced because loans are now being made only when it can be shown that such loans are necessary to meet actual education related expenses.

Also apparent to the Subcommittee as a result of these hearings was the need for substantial improvement in the Veterans' Administration collection efforts on defaulted loans. Because veteran loan beneficiaries were not contacted immediately after they left school, the Veterans' Administration was having little success in locating many veterans. Collection letters sent by the Veterans' Administration to those who were contacted were not effective. Some VA offices tried to collect defaulted loans by using standard VA form letters designed for collecting overpayments. On the other hand, some offices developed their own collection letters which were more strongly worded and specifically referred to the loans as the cause of the indebtedness. It was learned that some regional offices were not offsetting the defaulted loans against other veterans' benefits as a method of collecting the loan. The evidence obtained by the Subcommittee in its investigative field hearings left no doubt that further action was necessary by the Congress to keep the education loan program from getting completely out of hand and becoming a national scandal. Further, these hearings determined that the Veterans' Administration's greatest need in collecting bad debts, whether the indebtedness was for educational overpayments, defaulted education loans, or other benefits, was additional authority to be effective in this area.

Subsequently, the Veterans' Administration submitted a legislative request, introduced as H.R. 4764, to permit disclosure of names and addresses and other information maintained by the VA to a consumer reporting agency for certain debt collection purposes, which is embodied, as amended, in Sec. 603, Title VI of the reported bill. If enacted, this provision of the bill will provide authority for the Veterans' Administration to recover an estimated $20 million in fiscal year 1981. As indicated above, the amount of savings which has been effected by the Subcommittee's oversight regarding educational overpayments and the education loan program is speculative, but undoubtedly millions of dollars have been saved already by the tightening of the criteria for granting education loans. The new authority granted the Administrator in this bill to assist in the collection of overpayments as provided in Title VI of the reported bill will realize an estimated savings of $116 million for the Federal Government in FY 81.

On October 4, 1979, H.R. 5288 was reported by the Committee. The report accompanying H.R. 5288 is House Report 96–498. On October 16, 1979, the House passed H.R. 5288 by a vote of 405 ayes to 1 nay. On January 24, 1980, the Senate amended H.R. 5288, by substituting after the enacting clause the provisions of S. 870, as amended.

On November 8, 1979, the Subcommittee on Special Investigations held an oversight hearing on H.R. 5268, which would authorize the Veterans' Administration to use its own attorneys to pursue civil remedies for the collection of overpayments of educational assistance made to eligible veterans and dependents, for the collection of defaulted education loans, and for other purposes. Those testifying included: Mr. Stuart E. Schiffer, Deputy Assistant Attorney General, Civil Division, Department of Justice; Mr. Ronald F. Lauve, Associate Director, Human Resources Division, General Accounting Office, accompanied by Mr. J. David Zylks, Supervisory Auditor, Headquarters staff, and Robert Hunter, Senior Attorney; Mr. Guy H. McMichael III, General Counsel, Veterans' Administration, accompanied by Mr. James Kane, Assistant General Counsel, Mr. J. C. Peckarsky, Director, Compensation and Pension Service, and Mr. William F. McQuillen, Special Assistant to the General Counsel, VA.

Witnesses at this hearing highlighted the need for additional authority for the Veterans' Administration to be successful in recovering the more than $400 million in outstanding debts represented by educational and other overpayments and defaulted educational loans. The Subcommittee also reviewed the administration of veterans' education and training programs and received the recommendations of the Veterans' Administration regarding the improvement of the administration of programs to assure veterans and their dependents are receiving quality education and taxpayers' dollars are not being wasted.

On February 20, 1980, the Subcommittee on Education, Training and Employment reviewed the status of education, training and employment programs authorized in chapters 31, 32, 34, 35, and 36 of title 38, U.S.C., administered by the Veterans' Administration. The review also included two studies mandated by the Congress in Public Law 95-202, namely "GI Course Approvals" and "Readjustment of Vietnam Veterans." Witnesses at the hearing were: Honorable James L. Oberstar, U.S. House of Representatives, accompanied by Mr. F. B. Daniel, Cooperative Development Specialist, Minnesota Farmers Union, Mr. Romaine S. Foss, Supervisor, State Approving Agency for Veterans Education, Minnesota State Department of Education, and Mr. Gordon Rudnitski, a Vietnam veteran; Mr. C. Lewis Dollarhide, Acting Director, Education and Rehabilitation Service, Veterans' Admininstration, accompanied by Ms. June Schaeffer, Assistant Director for Policy and Program Administration, Mr. Dean Gallin, General Counsel's Office, and Mr. William F. McQuillen, Special Assistant to the General Counsel.

On March 6th, the Subcommittee on Education, Training and Employment considered a number of bills as follows: H.R. 5581, to provide for a program of career development, advancement, and training and for outreach and supportive services for Vietnam era veterans; H.R. 6165, to allow certain veterans with active duty service prior to January 1, 1977, to participate in the contributory educational assistance program under chapter 32 of such title; H.R. 6166, to provide for disbursement of unused chapter 32 contributions upon the death of the participant; H.R. 6167, to preclude tutorial assistance to eligible veterans by certain family members; H.R. 6168, to increase the rates of educational assistance and special training allowance paid to eligible veterans and persons; and H.R. 6327, to provide expanded readjustment benefits for Vietnam era veterans by promoting employment of such veterans through a program of job vouchers.

Those testifying included: Honorable David E. Bonior, U.S. House of Representatives; Mr. Guy H. McMichael III, General Counsel, VA;

Mr. Donald H. Schwab, Director, Legislative Service, VFW; Mr. Philip Riggin, Assistant Director, National Legislative Commission, The American Legion, accompanied by Mr. Philip Wilkerson, Special Assistant to the Director of National Veterans Affairs & Rehabilitation; Mr. Gabriel Brinsky, National Legislative Director, AMVETS; Mr. John Fales, Employment Director, Blinded Veterans Association; Mr. Gerald Jones, Legislative Director, Paralyzed Veterans of America, Inc., accompanied by Mr. Doug Vollmer, Assistant Legislative Director, PVA; Mr. Darryl W. Kehrer, Director, Office of Veterans' Affairs, accompanied by Mr. Robert Daniels, veteran-student, Keystone Junior College, LaPlume, Pennsylvania; Mr. Steven Champlin, Special Assistant to the Director, Vietnam Veterans of America, accompanied by Mr. John Terzano, Legislative Director, Vietnam Veterans of America; Mr. Stephen Edmiston, Administrative Assistant, Disabled American Veterans, accompanied by Mr. Ronald W. Drach, National Employment Director, DAV; Sterling R. Provost, Ed.D., Legislative Director, National Association of State Approving Agencies; Mr. Jack Davis, Vice-President for Student Services, Asheville-Buncombe Technical Inst., Asheville, North Carolina, accompanied by Mr. James A. Kiser, Jr., Consultant, South Carolina State Board for Technical & Comprehensive Education, Columbia, S.C.; Mr. Richard W. Johnson, Jr., Non-Commissioned Officers Association of the United States; Mr. Ruben Treviso, American G.I. Forum of the United States; and Mr. George R. Woodbury, Director, Veterans Resource Center, University of Minnesota, Minneapolis, MN, accompanied by Mr. Gary Morey, Assistant Director of the Veterans Resource Center, University of Minnesota, Minneapolis, MN.

On April 1, 1980, the Subcommittee on Special Investigations held a hearing on the Veterans' Administration's debt collection effort with special emphasis on educational overpayments. Also reviewed was the question of charging interest on outstanding debts owed to the Veterans' Administration resulting from overpayments to veterans under veterans' benefits programs, offsetting outstanding debts of veterans from veterans' benefits, offsetting from the salaries of those employed by the Federal Government, and other solutions. The Subcommittee was furnished a review of a VA pilot program which is being carried out in cooperation with the Department of Justice. VA attorneys participating in the program have successfully pursued in court "under-$600" debts owed the VA. Although approximately $200 million in "under-$600" is owed the VA, it is Department of Justice policy not to take these cases to court, effectively writing them off. The pilot program is intended to demonstrate that the VA, using its own attorneys located in the 58 VA regional offices, will fill the void and pursue these cases. Those testifying at the hearing were: Mr. Gabriel P. Brinsky, National Service and Legislative Director, AMVETS; Mr. Donald H. Schwab, National Legislative Director, VFW; Mr. William F. McQuillen, Special Assistant to the General Counsel, VA; Mr. Ronald F. Lauve, Associate Director, Human Resources Division, General Accounting Office, accompanied by Mr. John Wanska, Management Analyst, GAO, and Mr. Robert Hunter, Senior Attorney, Office of the General Counsel, GAO.

On May 14, 1980, the Subcommittee on Education, Training and Employment held a mark-up session of pending education and training legislation. The Subcommittee recommended that a clean bill be reported to the full Committee, to include the provisions of H.R. 5288 as approved by the House on October 16, 1979, together with the provisions of H.R. 6165, H.R. 6166, H.R. 6167 and H.R. 6168, as amended.

These Subcommittee hearings have helped to provide a basis for needed improvements in education and training programs administered by the Veterans' Administration. In addition, witnesses at the field hearings indicated that there is room for much improvement in a number of employment and training programs administered by the Department of Labor, and that the law should be changed or revised regarding eligibility of veterans for some of these programs.

While unemployment is high for Vietnam veterans, and especially disabled and minority veterans, all witnesses from both the public and private sectors told the Subcommittee that jobs are available for veterans who seek employment. In the same area, it was distressing to the Subcommittee to be advised that many veterans were not using their GI Bill or vocational rehabilitation entitlement, especially veterans who appear from their backgrounds to be most in need of readjustment and vocational rehabilitation training. More oversight hearings and field investigations are required to determine why these veterans are not using existing programs and to seek solutions for Vietnam veterans who have not successfully readjusted.

Overshadowing the education and training program is the continuing shockingly high number of educational overpayments totaling over $400 million, that have not been recovered by the VA and will soon be lost as unrecoverable.

Thus, the reported bill, which was recommended by the Subcommittee, includes provisions which reflect the continuing concern of the Committee for an effective education and training program for veterans and their dependents, together with the administration of this program to the end that veterans and their dependents are receiving quality education, as intended by Congress, and that the taxpayer is not being ripped-off by abuses in the program and unrecovered bad debts.

The clean bill recommended by the Subcommittee was introduced on May 20, 1980, as H.R. 7394. On June 12, 1980, the full Committee met and by voice vote unanimously ordered the bill to be reported to the House with technical amendments.

Discussion of the Bill

TITLE I—REVISION OF VOCATIONAL REHABILITATION PROGRAM

Public Law 95-202 mandated the Veterans' Administration to conduct a thorough study of the veterans' vocational rehabilitation program and to make recommendations for legislative changes in the program. This study was completed and submitted to the President and the Congress on September 26, 1978 (*House Committee Print No. 167, 95th Congress*). This study found that the veterans' vocational rehabilitation program was in need of substantial revision and modernization.

The findings and recommendations of the study were adopted by the President in his message to the Congress on the status of Vietnam era veterans submitted October 10, 1978, when he stated:

> Individuals with service-connected disabilities are especially in need of greater assistance from the Government. That is particularly true for Vietnam era veterans, who suffered a 300 percent greater loss of lower extremities than veterans of any other war. Altogether, 512,000 have sustained some kind of disability.
>
> Our vocational rehabilitation programs must reflect our paramount concern for those veterans who have service-connected disabilities. The current VA program is based on a 1943 model and requires major updating. I will submit legislation to the next Congress that will modernize and improve that program.

Title I of the Committee bill contains a majority of the revisions the President requested in order to "modernize and improve" the program.

The vocational rehabilitation program for disabled veterans originated with the National Defense Act of 1916. Public Law 78–16, approved March 24, 1943, provided vocational rehabilitation for disabled World War II veterans. Later laws extended benefits to eligible disabled veterans who served after World War II. This program pays a monthly subsistence allowance, now $241 a month for a single veteran in full-time institutional training, plus all costs of tuition, books, supplies and equipment.

Through January 1980, more than 831,700 disabled veterans had trained under the vocational rehabilitation program since July 1943, and nearly 100,000 of these were disabled Vietnam era veterans. It is estimated that more than 30,000 veterans will train under this program during fiscal year 1980.

The current vocational rehabilitation program is a progressive and responsible program that, as amended by Congress through the years, has generally served disabled veterans well for more than 35 years. Nevertheless, the study suggested that the program needed a major overhaul to take advantage of what has been accomplished in rehabilitation during the intervening three decades. Congress, in requiring the study, directed the VA to analyze its authority in comparison with that of the Rehabilitation Act of 1973, as amended, administered by the Department of Education.

The Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.), is a State-Federal program of vocational rehabilitation. As provided by that Act, vocational rehabilitation services are to be made available for the purpose of enabling handicapped individuals to prepare for and engage in employment.

The program of services to individuals by the Rehabilitation Act of 1973 is carried out by State vocational rehabilitation agencies under State plans based upon the Federal law and regulations issued by the responsible Federal agency, the Rehabilitation Services Administration, Department of Education. The Federal Government provides 80 percent of the financing for the direct services program and the States provide 20 percent.

The Rehabilitation Act program is decentralized with the State agencies maintaining some 1,250 State, district, and local offices over the country. They employ about 32,000 staff, of whom about 17,000 are rehabilitation counselors and other rehabilitation professionals.

On the other hand, the program of veterans' vocational rehabilitation is administered by the Department of Veterans' Benefits of the Veterans' Administration through 58 regional offices in the 50 States and the Philippines. Each regional office has a counseling and rehabilitation section staffed by professional rehabilitation personnel. The total number of such staff currently employed is 433, of whom 269 are counseling psychologists and 164 are vocational rehabilitation specialists. In fiscal year 1977, approximately 43 percent of the cases counseled by the Department of Veterans' Benefits counseling psychologists were chapter 31 cases; the remainder were veterans counseled under chapter 34 and eligible dependents counseled under chapter 35 of title 38, United States Code. The vocational rehabilitation specialists work only with veterans under chapter 31 and a very small number of severely handicapped dependents under chapter 35. Thus, the equivalent of approximately 116 counseling psychologists is available for vocational rehabilitation (i.e., chapter 31) counseling. These, plus the 164 vocational rehabilitation specialists, total 280 DVB vocational rehabilitation staff. Through an administrative arrangement established in 1952 between the Department of Veterans' Benefits and the Department of Medicine and Surgery, counseling of veterans who are eligible under chapter 31 or chapter 34 is done in VA hospitals by hospital (i.e., Department of Medicine and Surgery) psychologists. These psychologists provide a variety of psychological services in addition to educational and vocational counseling and serve all hospitalized veterans without regard to service connection of disability. The study of the provisions for veterans vocational rehabilitation concluded that an updating of the VA rehabilitation authority is necessary and appropriate.

Many of the recommendations made by the Veterans' Administration to update the program include services and programs presently being provided to handicapped persons under the Rehabilitation Act of 1973, as amended. A majority of the provisions in H.R. 4117, the bill implementing the VA legislative recommendations in the VA study of the Vocational Rehabilitation Program (H. Comm. Print No. 167—95th Cong.), have been included in the reported bill.

The Committee, however, rejected the recommendation to make the program open-ended and to increase the maximum entitlement from 48 to 64 months. Presently, the Veterans' Administration has authority to exceed the statutory period of 48 months maximum entitlement and to exceed the statutory period of eligibility if the veteran is seriously disabled. Further, the Committee is not aware of any case which would indicate these present statutory maximums have been the basis for denial of vocational rehabilitation training for eligible veterans. Since current authority is sufficiently flexible to provide vocational rehabilitation when warranted, the Committee does not believe there is any need to change the law at this time regarding the period of time and amount of entitlement for veterans under the vocational rehabilitation program.

The VA recommended at 10% cost of living increase in vocational rehabilitation rates, however, the reported bill would increase the subsistence allowance payable under the vocational rehabilitation program by 17 percent. The rate of increase reflects part of the cost-of-living increase since the vocational rehabilitation subsistence allowances were last increased by Public Law 95–202, effective October 1, 1977.

There is a compelling reason to increase the vocational rehabilitation rates by more than 10 percent. The Subcommittee found that the monetary benefits provided veterans under the GI Bill, which would be increased by 10 percent under the provisions of Title II f the reported bill, are considerably more than the subsistence allowance under the vocational rehabilitation program.

The difference in the monetary benefits seems to be a substantial factor in the decision by many disabled veterans to take GI Bill training in lieu of vocational rehabilitation. Presently, a veteran with no dependents who pursues full-time institutional training, for example, receives $70 more per month under Chapter 34 ($311) than under chapter 31 ($241). Many veterans apparently fail to realize that chapter 34 educational assistance allowance is intended to cover, in part, educational costs (tuition, books and supplies) as well as subsistence, whereas under chapter 31, the costs of tuition, books and supplies are paid by the Government. The veteran under the chapter 31 program receives, in addition, an allowance to cover living costs. The monetary benefits under chapter 34 may be perceived by a veteran as being advantageous when, in fact, the assistance under chapter 31 is generally far in excess of that under chapter 34.

In an effort to ensure that the veteran's choice between programs is based on valid information, every veteran with a compensable service-connected disability who applies for chapter 34 benefits is scheduled for counseling, but there are many who do not take advantage of the offer.

Because many veterans entitled to chapter 31 benefits continue to elect to train under chapter 34, the reported bill permits a disabled veteran who is training under the GI Bill (ch. 34) to receive vocational rehabilitation services authorized in Title I of the reported bill. In this way, the Committee hopes that all service-connected disabled veterans with an employment handicap will be authorized necessary services to help them attain maximum independence, become employable, and obtain and maintain suitable employment, notwithstanding that such veteran has elected to train under the GI Bill.

TITLE II—GI BILL RATE INCREASE

Title II of the bill includes a 10 percent cost-of-living increase in all education and training programs administered by the Veterans' Administration, with the exception of the Vocational Rehabilitation Program. The last rate increase became effective on October 1, 1977.

Although your Committee had recommended to the Committee on the Budget that the benefit level be increased by 15 percent effective October 1, 1980, the Committee on the Budget limited the funding level to only 10 percent, the level requested by the Administration. In order to comply with the targets contained in H. Con. Res. 307, the reported bill contains only a 10 percent increase in the rate. The rate increase would be applicable to the following programs, effective October 1, 1980; GI Bill (ch. 34); dependents' education and training program (ch. 35); cooperative training; restorative training; on-the-job and apprenticeship training; the aggregate amount a veteran may borrow under the Veterans' Administration education loan program; farm cooperative training; tutorial assistance, and the reimbursable expenses for State approving agencies.

There follows a table of rates paid under the GI Bill since 1966, including the rates resulting from the 10 percent increase contained in the reported bill:

Law and type of course	Single veteran	Veteran and 1 dependent	Veteran and 2 dependents	Additional dependents
Public Law 89–358, June 1, 1966: Full-time institutional	$100	$125	$150	
Public Law 90–77, Oct. 1, 1967:				
Full-time institutional	130	155	175	$10
Full-time cooperative farm	105	125	145	7
Full-time on-job training	80	90	100	
Public Law 91–219, Feb. 1, 1970:				
Full-time institutional	175	205	230	13
Full-time cooperative farm	141	165	190	10
Full-time on-job training	108	120	133	
Public Law 92–540, Oct. 1, 1972:				
Full-time institutional	220	261	298	18
Full-time cooperative farm	177	208	236	14
Full-time on-job training	160	179	196	8
Public Law 93–508, Dec. 3, 1974, retroactive to Sept. 1, 1974:				
Full-time institutional	270	321	366	22
Full-time cooperative farm	217	255	289	17
Full-time on-job training	189	212	232	9
Public Law 93–602, Jan. 1, 1975: Full-time institutional	196	220	240	10
Public law 94–502, Oct. 15, 1976:				
Full-time institutional	292	347	396	24
Full-time cooperative farm	235	276	313	18
Full-time on-job training	212	238	260	11
Public Law 95–202, Oct. 1, 1977:				
Full-time institutional	311	370	422	26
Full-time cooperative farm	251	294	334	19
Full-time on-job training	226	254	277	12
10 percent increase as contained in the reported bill will increase the rates to the following amounts:				
Full-time institutional	342	407	464	29
Full-time cooperative farm	276	323	367	21
Full-time on-job training	249	279	305	13

TITLE III—GI BILL EDUCATIONAL ASSISTANCE PROGRAM ADJUSTMENTS

The current GI Bill program was established by PL 89–358, approved March 3, 1966, and is currently authorized by Chapter 34, title 38, USC. It provides educational assistance allowances, mainly on a monthly basis, in order to restore lost educational opportunities to those individuals whose careers were interrupted or impeded by reason of active military service after January 31, 1955 and before January 1, 1977. In addition, tutorial assistance allowances, work-study allowances, and counseling services are available to eligible veterans. Cumulatively, since the inception of the current GI Bill program, over 7.6 million veterans and active duty personnel have received $30.0 billion in educational assistance through September 1979.

Under the provisions of PL 94–502, enacted October 15, 1976, persons entering the Armed Services before January 1, 1977, will remain entitled to their benefits under these chapters for the ten year period after their separation from active duty. No educational assistance will be provided any eligible veteran under chapters 34 and 36 after December 31, 1989. Any person initially entering the Armed Services after December 31, 1976, will not be entitled to participate in this GI Bill.

Title III of the Committee bill incorporates numerous proposed changes in the education programs administered by the Veterans' Administration for veterans and dependents.

Fifty percent employment rule

The so-called 50 percent employment standard arose originally in response to congressional perception that veterans and other eligible persons were being induced by unscrupulous schools to squander their educational assistance benefits on vocational objective courses that ill-prepared the individual to actually find employment. Therefore, section 1673(a)(2) of title 38 was amended to provide that the Administrator shall not approve the enrollment of an eligible veteran in a vocational school unless the school can show that half or more of its graduates obtained the kinds of jobs for which they were trained (Public Law 93–508).

Following enactment of this provision in 1974, the VA issued implementing regulations and schools were required to submit data showing compliance with the provisions of section 1673(a)(2). Such data was submitted in November 1974. A preliminary examination revealed that the Veterans' Administration received reports covering 25,982 courses with 9,040 course graduates. Reports were not received for 10,200 courses with an unknown number of graduates. Of those submitting reports, only 2.7 percent of the courses failed to meet the 50 percent employment requirement.

The data asserted that the mean and median percentage of courses with graduates employed in the type of work for which the course offered training or closely related employment was 87.1 percent and 98.8 percent, respectively. Included in the total were both correspondence and flight training schools, the vast majority of which submitted forms which, on their face, also showed compliance with the 50 percent employment requirement.

Subsequently, the 94th Congress reviewed the matter and concluded that the provision was not operating effectively as intended.

Thereafter, Public Law 94–502 was enacted which mandated that a study should be undertaken by the VA to determine what changes were in order. The results of that study were published in "Report on the Fifty Percent Survey: Veterans, Training, and Jobs" (House Committee on Veterans' Affairs Print No. 147, 95th Cong.). The report reached the following conclusions:

> 1. The overwhelming majority of approved vocational courses for which a report was submitted (VA Form 22–8723) met the 50 percent employment requirement.

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2. Little is known about the characteristics of the large number of approved vocational courses (about 7,200) for which a report (VA Form 22-8723 indicating whether or not they met the 50 percent employment requirement) was not submitted. Since the enrollment of more VA trainees in these delinquent courses is barred, we assume that the schools feel it is not in their best interest to file a report to retain an approved status for these courses.

3. A surprisingly high number of the approved vocational courses for which a report was received (3,375) have not produced any graduates over the two-year period. Additionally, most of these courses did not have any students enrolled in them during that period.

4. The minimum acceptable response rate of 55 percent was met for the overwhelming majority of the courses for which reports were received. If the minimum acceptable response rate were to be raised to 75 percent, the proportion of courses which might be penalized would be increased to about one of five.

5. Correspondence schools generally exhibited an inferior performance with respect to completion rate, employment rate, and quality review criteria used for establishing which courses may be subjected to a special validation effort by the VA.

6. Looking toward the next cycle of reviews, there is need for improvement in:

a. The definition of what constitutes a graduate.

b. The procedures for and the amount of validation done on courses for which a VA Form 22-8723 is submitted. At best, the validation effort made by many of the SAA officials during fiscal year 1976 can only be described as marginal.

c. The coordination between the VA Education Liaison Officer and the SAA approving official regarding the composition of the list of schools and courses subject to the 50 percent employment requirement and action taken on courses which are delinquent or which fail to meet the 50 percent employment requirement.

d. The check of VA Form 22-8723 made by SAA officials to determine that the numbers posted are both complete, internally consistent, and related to all those who graduated during the applicable two-year period.

e. The procedures used to uncover duplicate records. As a means of facilitating a computer check on possible duplicates, the system of assigning course codes should be modified to include a fourth character (a letter). This would distinguish between an incorrect situation where a single course is entered twice on the computer and a correct situation where two different courses in the same school have the same basic course code.

Most of the changes implied by those conclusions as being necessary require only administrative adjustments. However, the Committee concluded that one legislative change is desirable.

The proposed Committee amendment to the 50 percent rule would eliminate continued reporting by schools to justify their having met the 50 percent employment requirement, provided that they have 35 percent or less veteran-dependent enrollment and can show a history of compliance with the employment requirement for any two consecutive reporting periods. For example, if a school has only a few VA students enrolled in its approved course, the cost of compliance is prohibitive. Experience shows that the school would refuse to do the survey and thus deny VA students access to a program which may be meritorious. We believe that this change is desirable, both in terms of implementing congressional intent and in being fair to the schools involved.

The Committee has rejected the proposed tightening amendments to the 50 percent rule, submitted by the Veterans' Administration, that would require that persons enrolled in a course be counted in the occupational category for which trained, and the major source of the person's income must come from the occupation for which trained. To require the counting of enrollees in a course would add considerably to the administrative burden of schools to obtain the required data. There appears to be no rational basis for relating enrollees who drop out of a course to the quality of the training and education being provided.

Seat time

"Seat time" is the descriptive term which, through congressional usage, has become affixed to those requirements embodied in VA Regulations 14272(D) and 14200(G) governing measurement of certain collegiate course pursuit for educational benefit purposes. Specifically, VA Regulation 14272(D) was amended, effective October 26, 1976, to provide that as to collegiate undergraduate courses offered on a credit-hour basis, "In no case will a course be measured as full-time when less than 14 standard class sessions per week (or 12 standard class sessions if 12 credit hours is full time at the school) are required." A "standard class session" is defined by VA Regulation 14200 (G) as normally not less than one hour (or 50-minute period) of academic instruction, two hours of lab training, or three hours workshop per week, per semester, for one semester hour of credit.

The VA Regulation 14272(D) amendment reflected simply a codification of longstanding VA policy and practice equating credit-hour measurement with clock-hour pursuit. In fact, similar class session requirements were contained in regulations implementing the Korean conflict GI Bill, and derived from standard practices of the education community.

Credit-hour measurement under 38 U.S.C. § 1788 has always been based on the general understanding that conventional collegiate resident training will schedule class session instruction sufficient to support the rate of pursuit assigned for the credits granted by the educational institution.

However, economic conditions in recent years prompted changes in certain educational practices, and a number of institutions were found to be lessening the amount of instructional time in order to attract veterans and other eligible students, thus promoting an overall decline in educational quality and unfair competitive advantage in some cases.

For example, the April 9, 1979, issue of the Chronicle of Higher Education in reporting on a three day conference on "The Integrity of Higher Education", at Harriman, New York, which was sponsored by the American Assembly, a public affairs forum affiliated with Columbia University, concluded that, "American higher education has been eroded in recent years. Consensus on what constitutes legitimate higher education has been reduced, and expectations . . . have not been fulfilled." They further noted "that some educationally justifiable reforms such as external-degree programs and credit for life experience could easily be abused by institutions looking for new 'student markets.'"

In the April 16, 1979, issue of U.S. News & World Report, an article entitled "Under Attack: College Credits for Living", revealed that educators are worried about the practice of counting non-academic work towards a degree at some universities. The article quotes Norman H. Sam, Education Professor and Director of Lehigh University's Continuing Education School: "There is a flimflam scheme going on in academia, a merchandising of meaningless credit, providing degree candidates with little new learning at exorbitant cost. It is a prostitution of American educational values to take tuition money without offering instruction in return."

In the Carnegie Report on Fair Practices in Higher Education, which was released April 19, 1979, the council stated: "There is a temptation on the part of some colleges to adopt nontraditional techniques without adequate planning in order to compete with neighboring schools." It added that, "Off-campus centers area special case. They combine both innovative, nontraditional programs and fly-by-night operations, representing vendorism at its best and worst."

Consequently, regulatory codification of the VA policy concerning class-session requirements is necessary to ensure that a full-time benefit payment is justified by full-time pursuit.

Such traditional "seat time" or "class session" requirements still reflect the standard used by the vast majority of colleges and universities nationwide to measure institutional undergraduate course pursuit. Moreover, this measurement standard has been recognized and consistently used by Congress in establishing the statutory basis to determine entitlement to benefits based on the nature and extent of educational pursuit. For example, when 38 U.S.C. § 1788(a) was amended by Public Law 93–508 to provide for the first time the alternative for measuring courses not leading to a standard college degree on a credit-hour basis, the Senate Committee on Veterans' Affairs stated that, "Accredited colleges and universities vary as to the length of a standard class session for one unit of college credit. Usually a lecture period is one hour (50 minutes) a week for a semester for one semester hour-credit. Laboratory periods vary usually from two to four hours for one hour of credit." (S. Rept. No. 93–907, 93d Cong., 2d sess., p. 82.)

Unfortunately, some schools have misunderstood the application of the VA "seat time" requirements to their courses, while others have resisted implementation of such requirements fearing that the reduction in benefits resulting therefrom will hurt the school's ability to attract and retain veteran students. Some within the educational community have publicly expressed their distress that such VA requirements constitute unwarranted Federal intrusion into the academic freedom of educational institutions, and some have gone to court to challenge the validity of the VA's "seat time" regulations.

The "seat time" regulations were first challenged in a Michigan suit brought by the Wayne State University in April 1977. The school sought to prevent the VA from paying less than full-time benefits to students enrolled in its "weekend program." The school challenged the Administrator's authority to promulgate the 12 class session requirement for full-time benefits (38 C.F.R. 21.4272(d)). The VA maintained, however, that full-time benefits were not payable throughout the quarter since the student was required to pursue one of the four credit courses only during two weekends out of the quarter. The court granted summary judgment for the plaintiffs, holding that the Congress defined full-time study pursuant to 38 U.S.C. § 1788(a)(4), and nothing in such statute either explicitly or implicitly authorized the Administrator to redefine such requirements in terms of standard class sessions. The Government appealed this decision, and on December 21, 1978, the United States Court of Appeals for the Sixth Circuit reversed the District Court on the merits, and remanded the case for consideration of the constitutional claims not previously considered. The Sixth Circuit found that the Administrator had authority to issue the class session regulations and that such regulations are consistent with the congressional definition of full-time study. It further found that the regulations are a rational and reasonable implementation of statute by defining, pursuant to traditional collegiate measurement criteria, what is meant by a "semester hour." Finally, the court found that the regulations were reasonable means to avoid potential abuse in the administration of the VA educational benefits program, and that the lower court erred in substituting its judgment for that of the Administrator. *Wayne State University* v. *Cleland*, 440 F. Supp. 811 (E.D. Mich., 1977), reversed and remanded, 590 F. 2d 627 (6th Cir. 1978).

In June 1978, a case similar to Wayne State was brought by a community college in Iowa. The college had developed certain non-traditional programs requiring less classroom instruction than was required of its standard degree program for the same credit. The court followed the lower court decision in the Wayne State case and ordered the Veterans' Administration to accept school certification of full-time. The Government appealed this decision to the U.S. Court of Appeals for the 8th Circuit, which on August 1, 1979, reversed the District Court on the statutory authority issue, noting legislative history to the effect that "authority rests in the Veterans' Administration, not the educational institutions, to define the parameters of full-time study." The Eighth Circuit remanded the case for consideration of the constitutional claims not previously decided. *Merged Area (Education) X* v. *Cleland*, No. 78-46 (N.D. Iowa, 1978) *rev'd and remanded*, 604 F.2d 1075 (8th Cir. 1979).

The final case in this area involves, primarily, a State college in Washington offering essentially independent study courses. Ultimately, the district court held that the VA "class session" regulations were valid, but did not apply to courses which the school defined as full-time study under the conditions of section 1788(a)(4) of title 38. *Evergreen State College* v. *Cleland*, 467 F. Supp. 508 (W.D. Wash. 1979), *appeal docketed*, No. 79-4372 (9th Cir. June 14, 1979). This decision is on appeal to the Ninth Circuit.

The 95th Congress considered the "seat time" controversy in the fall of 1977, and subsequently mandated that the VA conduct a study of its class session requirements and submit a report on the same to the President and the Congress. (See section 305(b)(2)(B), Public Law 95-202.) This report, "Progress or Abuse—A Choice," was submitted on December 6, 1978, and included recommendations for legislation to (a) reaffirm the VA's traditional authority and its implementation of traditional statutory distinctions in benefit levels, based on the type and extent of course pursuit; and (b) clarify the areas involved in the "seat time" dispute and the measurement and amount of benefits payable for nontraditional programs.

The VA's legislative recommendations concerning the "seat time" matter as embodied in the reported bill are designed to promote uniformity in the administration of veterans' educational benefits by explicitly defining, in traditional terms, the minimum standards for full-time institutional undergraduate course measurement. This, together with expressly reaffirmed authority in the Veterans' Administration to determine and define pursuit, will help assure that educational benefits are provided at the proper levels only to those engaged in serious educational pursuit, and that such benefits are not wasted on programs of marginal utility or diluted quality.

The VA is not in a position to assess what correlation there might be between "seat time" required and the educational value of a course. Such a correlation, in any case, need not impute a lesser quality to those innovative and experimental programs offered at some schools for which pursuit cannot be gauged in traditional "seat time" terms. Nevertheless, the predominance of "seat time" measurement usage by the collegiate community bespeaks its general acceptance and its validity as a standard by which to determine full-time institutional undergraduate pursuit for benefit payment purposes.

Finally, it may be noted that a special task force within the Administrator's Education and Rehabilitation Advisory Committee was designated to further study the "seat time" issue. The findings and recommendations of this group have been reviewed and evaluated by the Committee which, in turn, adopted the recommendations and submitted them to the Administrator.

The Committee bill, therefore, in codifying VA "seat time" regulations, is identifying with the underlying principle in the holding of the U.S. Court of Appeals for the Sixth Circuit of the Wayne State case, when it held that Veterans' Administration regulations are a rational and reasonable interpretation of the term "semester hour," and a reasonable means to prevent abuses in the education programs administered by the Veterans' Administration.

It should be emphasized that the Committee does not question the right of a school to establish enrollment policies, course credit standards, or teaching standards that it may deem appropriate, but supports the right of the Veterans' Administration to determine what amount of educational assistance will be paid to a veteran or his or her dependents and what constitutes full-time or part-time study.

Satisfactory progress

The amendment proposed to be made by section 305 of the bill to section 1674 of title 38 would remove the provision in chapter 34 linking satisfactory progress with course completion time. The VA recommended this change to the Congress. The current provision of law has proved unworkable, according to the VA, and has imposed significant administrative burdens on schools and led to some anomalous and unjust results for students. In addition, the VA told the Committee the satisfactory progress provision has been a source of friction between the VA, the collegiate educational community, and veterans.

The VA's view is expressed in the study required by Congress, "Progress or Abuse—A Choice," submitted to the Congress on December 6, 1978, identified as H. Comm. Print. No. 170, 95th Cong., 2d Session. This study presents the VA position that the provisions contained in sections 1775 and 1776 of title 38, when taken into relation with the provisions in section 1780(a)(4), which bar payment of educational benefits for pursuit of a course not counted toward graduation requirements, will be sufficient to provide against abuse.

The Committee concurs with the position of the VA. At the same time, the Committee is aware that the removal of this provision in section 1674 will place in the State Approving Agencies additional responsibility for assuring that appropriate standards of progress are administered by schools.

The Committee therefore will carefully review the standards of progress which the schools will be setting forth in their catalogs and which are being approved by the State Approving Agencies, to make sure that the removal of the restriction currently set forth in the law does not lead to new abuses of the program.

Not counting certain periods as absences

Current law provides for the payment of educational assistance or subsistence allowances to eligible veterans or persons pursuing a program of education or training in a course which does not lead to a standard college degree, except that no amount shall be paid for any day of absence in excess of 30 days in a 12 month period. Not counted as absences are weekends or legal holidays established by Federal or State law including customary vacation periods connected therewith.

During the 95th Congress, the Subcommittee on Education and Training received testimony on H.R. 12234, a bill introduced by Hon. Ed Jenkins of Georgia, which proposed to exclude certain periods from the absence counting requirement. In explaining the purpose of the bill, the sponsor stated that the measure was designed "to exclude from the absence counting requirements certain days when the vocational or technical school which a veteran is attending is not in session due to a change in terms or teacher conferences. These absences over any 12-month period are beyond the veterans' control and can unduly penalize him."

The Committee agrees that such absences are beyond the veteran's control and may serve to punish the veteran by denying educational assistance or subsistence allowances to which he or she would otherwise be entitled.

Section 324 of the reported bill carries out the provisions of H.R. 12234 and H.R. 1531, an identical bill introduced by the Chairman and ranking minority member of the Committee in the 96th Congress. The provision would amend current law to provide for payment to veterans and eligible persons attending courses not leading to a college degree during periods between terms which do not exceed 15 calendar days and periods when the school is not in session because of teacher conferences or teacher training sessions. The latter would be limited to a maximum of 5 days in any 12-month period.

TITLE IV—POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE PROGRAM ADJUSTMENTS

Under the provisions of PL 94–502, persons entering the Armed Services after December 31, 1976, are entitled to participate in a program under chapter 32, title 38, U.S.C., entitled "Post-Vietnam Era Veterans' Educational Assistance Program." Veterans who served and servicepersons currently serving who (a) first entered active duty after December 31, 1976, and (b) were released under conditions other than dishonorable or continue on active duty but have completed their first obligated period of service (or six years of active duty, whichever comes first), and (c) have satisfactorily contributed to the program are eligible for chapter 32 training. Satisfactory contribution consists of the monthly deduction of $50 to $75 from military pay, up to a maximum of $2,700, for deposit in the special training fund. It is estimated that more than 11,000 are taking training under the chapter 32 program during fiscal year 1980, and that an estimated 15,000 will be training under this program in fiscal year 1981.

Title IV includes a provision to allow certain veterans with active duty prior to January 1, 1977, to become eligible to participate in the Post-Vietnam Era Educational Assistance Program (VEAP), and a provision to provide for the distribution of unused contributions made under the VEAP Program upon the death of the participant.

TITLE V—REVISION OF ELIGIBILITY FOR VETERANS' EMPLOYMENT AND TRAINING PROGRAMS

Title V revises eligibility for veterans' employment and training programs. Chapters 41 and 42 of title 38, USC, authorize a number of services and assistance for veterans from the Department of Labor. The definition of veteran entitled to assistance authorized by these chapters varies. This has led to recommendations by representatives of veterans organizations that the definition of veteran for the assistance authorized in chapters 41 and 42 be made consistent.

Presently, a veteran with only one day active duty service in the military is entitled to employment assistance. Many believe the definition of a veteran for assistance from the Department of Labor should be the same as that for entitlement to GI Bill benefits, which is more than 180 days on active duty in the Armed Forces. One of the provisions, therefore, would add a minimum length of active duty military service requirement of more than 180 days for entitlement to the services authorized under chapters 41 and 42.

Title V also provides for three definitions of a veteran for employment assistance from the Department of Labor: (1) a veteran of any war, (2) a service-connected disabled veteran, and (3) a Vietnam era veteran (a person who served during the period beginning August 5.

1964 and ending on May 7, 1975). The title further provides that a disabled veteran be rated 10 percent or more disabled by the Veterans' Administration in lieu of the present requirement that a disabled veteran be rated 30 percent or more disabled.

Another provision of title V would permit the Veterans' Administrator to give preference to qualified veterans of the Vietnam era for employment in certain positions in the Veterans' Administration.

TITLE VI—COST SAVINGS PROVISIONS

Title VI contains a number of provisions which will realize approximately $180 million in cost savings for fiscal year 1981. Some of the provisions of title VI will improve the administration of veterans' education and training programs, others will strengthen the Veterans' Administration's capability to collect outstanding debts, while other provisions are in response to the reconciliation instructions in the First Concurrent Resolution on the Budget for Fiscal Year 1981, which mandates this Committee to recommend $400 million in legislative savings by July 2, 1980.

The debt collection provisions include granting authority to the Veterans' Administration to disclose names and addresses of veterans and other information to consumer reporting agencies for debt collection purposes, authorizing the Veterans' Administration to charge interest on debts owed the Federal Government, plus additional charges to cover the administrative costs of the debt collection procedures and clarifying the law that the rights of the Administrator to make deductions from benefits administered by the Veterans' Administration shall not be subject to any limitation with respect to the time for bringing civil actions or commencing administrative proceedings.

The Congressional Budget Office has estimated that should these provisions become law, there will be costs savings in the amount of $116 million in fiscal year 1981.

Most distressing to the Committee for a period of years has been the staggeringly high number of educational overpayments, totaling over a billion dollars, which the Veterans' Administration has been unsuccessful in collecting from veterans. These overpayments occur when the veteran accepts a payment, to which the veteran is not entitled, for an education or training course. By the time the Veterans' Administration has received notice from either the veteran or the school, the veteran has already been paid a number of months for terminated education or training courses. In some instances, these overpayments represent fairly large amounts of money. However, according to a General Accounting Office study of this problem, there are a high number of outstanding debts which are $600 or less, representing close to $200 million in debts. These debts will never be collected because the Veterans' Administration, until recently, has been either unwilling or unable to establish necessary procedures to reach these veterans and make a prompt recovery of these outstanding debts. This has been of great concern to this Committee and the General Accounting Office.

The policy has been for the Veterans' Administration to send three computer-generated letters from a central office in St. Paul, Minnesota to the veteran. This procedure has resulted in reducing some of the overpayments.

When the Veterans' Administration is unsuccessful in collecting these debts, it turns the cases over to the Justice Department for further action. However, there is an established policy under which the United States Attorneys, assigned to U.S. District Courts, do not take action against persons whose indebtedness to the Government is $600 or less. Further, under the present laws administratered by the Veterans' Administration, there is no way that the Veterans' Administration is able to adversely affect the credit of persons who have an outstanding debt because of an educational or other overpayment.

The net result of the present situation is that veterans with a debt of $600 or less are immune from court or administrative process, which is a disincentive for veterans to repay the debt. In fact, the Committee learned that many veterans repay the outstanding debt until the debt is $600 or less knowing that they will not be reachable under current Department of Justice and Veterans' Administration procedures. A number of hearings, which have been described in another section of this report, have left no doubt that the Veterans' Administration needs additional authority if it is to successfully recover this huge amount of bad debts, currently running close to $600 million during fiscal year 1980.

Not only did the Subcommittee on Education, Training and Employment conduct several oversight and legislative hearings including the problems of outstanding debts, but the Subcommittee on Special Investigations, chaired by the Hon. Ronald Mottl, also addressed itself to the problems of waste, fraud and mismanagement in the Veterans' Administration. Both Subcommittees have strongly recommended that action be taken by the Committee to strengthen the hand of the Veterans' Administration to recover these outstanding debts which include overpayments of education, compensation and pension benefits. At the same time, veterans' rights are to be protected, and the Veterans' Administration is to implement new authority only after making certain that the veteran has had ample opportunity to receive notice and make restitution of the debt before these procedures are brought into effect.

On July 31, 1979, the Subcommittee on Education, Training and Employment, chaired by the Honorable W. G. (Bill) Hefner, conducted hearings on H.R. 4764 to permit disclosure of names, addresses, and other information maintained by the VA to consumer reporting agencies for certain debt collection purposes. The Committee recognizes that disclosure of names and addresses for the purposes mentioned above requires safeguards against potential misuse of such information. The Committee's bill requires the VA to take reasonable steps to notify every debtor of the possibility that his or her credit rating could be affected if the debt is not repaid. In addition, the reported bill requires the VA to reexamine their records in any case where the debtor alleges error before releasing information about the debt to a consumer reporting agency. Once information about the debt is released to the consumer reporting agency, the debtor may exercise rights afforded by the Fair Credit Reporting Act. The Committee also assumes that the VA will exercise its authority to release debt information in a prudent and responsible manner. Taken together, these safeguards should eliminate any serious problems which could arise from this new practice.

The Subcommittee received testimony from the Veterans' Administration (VA), the General Accounting Office (GAO), The American Legion, AMVETS, and the Non-Commissioned Officers Association.

This and subsequent hearings demonstrated that a number of unresolved issues have impeded Federal debt collection efforts in general and the VA in particular. Accordingly, VA and Federal debt collection in general has not kept pace with the increasing number of debts. The Federal Claims Collection Standards issued jointly by the Comptroller General and the Attorney General state:

> The head of an agency or his designee shall take aggressive action, on a timely basis with effective follow up, to collect all claims of the United States.

SEC. 603 of the reported bill would amend section 3301 of title 38, United States Code, to permit disclosure of names and addresses and other information maintained by the Veterans' Administration to a consumer reporting agency for certain debt collection purposes. This section includes a prohibition against using information provided by the VA for a purpose other than that intended by the VA when it made the disclosure. This provision is intended to prevent credit bureaus from utilizing information disclosed for locator purposes, or in order to obtain a credit report, for any other purposes. Any other knowing use of VA information would be subject to the criminal penalties presently found in subsection (f).

The president of Associated Credit Bureaus, Inc., has informed the Committee that the credit bureaus represented by this trade association are interested in cooperating with the Veterans' Administration in accomplishing the purposes of this legislation, but that they would be unwilling to do so if they had to set up special procedures to accommodate this one Federal agency.

It is the position of the Committee that the language of SEC. 603 is comprehensive enough to permit credit bureaus to treat VA inquiries and credit data in the same manner as private-sector inquiries and credit data. Accordingly, the Committee would like the record to show that first, the primary objective of the legislation is to enable the Veterans' Administration to utilize commercial credit bureaus under the same terms and conditions as private-sector creditors to locate debtors, assess the ability of persons to repay their debts, and to give notice of outstanding obligations pursuant to the provisions of the Fair Credit Reporting Act: and second, nothing in the legislation should be interpreted as requiring credit bureaus to modify or otherwise change their operating and disclosure procedures in order to do business with the Veterans' Administration as long as the credit bureaus are in full compliance with the requirements of the Fair Credit Reporting Act.

A question has also been raised as to whether the Veterans' Administration's disclosure of information to a commercial credit bureau would constitute "a contract for the operation by or on behalf of the agency of a system of records to accomplish an agency function," 5 U.S.C. 552a (m). This subsection could require that the Privacy Act be applied to the credit bureau's record system. Under these contracts, the Veterans' Administration would provide certain information from its own system of records to private-sector systems operated by commercial credit bureaus in order to aid it in collecting delinquent debts.

It is the position of the Committee that such contracts between a credit bureau and the Veterans' Administration, or any other Federal agency for that matter, would not be subject to subsection 552a(m) of the Privacy Act because the contract would not require the credit bureau to operate a system of records on behalf of the agency. Rather, the Veterans' Administration would contract to provide information to and receive information from a private-sector system of records previously established by the contractor for its own purposes. Moreover, the Committee position on this matter is supported by a legal opinion contained in a September 27, 1979, letter from GAO's General Counsel to the Justice Department's Office of Legal Counsel.

Nevertheless, because there is still some uncertainty on the part of the Office of Management and Budget concerning this matter, the Committee has included a clarifying statement in the bill to the effect that records disclosed to commercial credit bureaus pursuant to subsection 3301(f) of title 38, United States Code, are not subject to section 552a of title 5. It should not be inferred from this, however, that subsection 552a(m) is applicable to contracts between other Federal agencies and commercial credit bureaus.

The Committee is confident the authority given the Administrator will greatly enhance his efforts to collect outstanding educational debts. According to the Congressional Budget Office, the Federal Government should realize savings totaling more than $20 million in FY 81 should the provision be enacted.

VA not aggressive in debt collection

Many agencies, including VA, have not been aggressive in pursuing debt collection, and present collection methods are expensive, slow, and ineffective when compared with commercial practices. Consequently, as of June 30, 1979, VA had on its books over $186 million in educational assistance overpayment accounts for which active collection action was no longer being taken. Unless the debtors of these VA accounts apply for future benefits from which the debts can be offset, there is little hope of future collection. In addition to the dormant or terminated debts, VA was actively pursuing $406 million in educational assistance overpayments as of April, 1980. Collection on some of these debts will be unsuccessful and the number of terminated accounts will continue to grow.

The number and amount of terminated accounts is evidence that VA's debt collection efforts are only partially effective. The VA's failure to collect debts is a disservice to veterans and American taxpayers. When veterans do not repay the VA, they are given benefits they are not entitled to and unauthorized money is given to veterans. Furthermore, it is unfair to veterans who repay their overpayments and other taxpayers who have to bear the cost of the uncollected overpayments.

VA's current debt collection process

The current VA debt collection process involves sending computer generated collection letters to debtors. These letters give the debtor the opportunity to have the debt waived or compromised or to pay the debt on a repayment plan.

Many debtors do not respond to the VA collection letters and further VA collection action depends on the amount of the debt. If the debt is over $600 and VA determines the debtor has the ability to repay, the account can be referred to the Department of Justice for further collection and possible litigation.

With the exception of cases involved in the recently instituted test program at the VA to obtain repayment of these debts under $600 through action in the courts by VA attorneys, there has been no incentive for debtors to pay, once their accounts are terminated, because (1) they will not receive any additional requests for payment, (2) the debt will not be pursued through litigation, (3) no interest is being charged on the debt, and (4) the debt is not part of their credit history as recorded at a commercial credit bureau. Other would-be lenders to the debtor are unaware of the delinquent debt and, therefore, it is not a reflection on the debtor's credit worthiness. Until recently, all accounts which were less than $600, or over $600 but the debtor was unemployed, had insufficient income, or could not be located, were terminated. When an account is terminated, administrative collection action by the VA stops, and the debt is removed from the VA's Centralized Accounts Receivable System (CARS) where collection activities are conducted. The debt may then be collected in the future if the veteran applies for and receives additional educational or compensation and pension (C&P) benefits or if the veteran applies for a VA guaranteed home mortgage.

There is evidence that some veterans know the dollar limit for referral to GAO and Justice for further collection action. With this knowledge, veterans will pay only the balance of their VA debts above the dollar limit for referral, and then, under VA procedures, the account will be terminated. A VA official has stated that some veterans' organizations on campuses publicize the dollar limit and, in one case, the VA campus representative told the veteran what the dollar limit was. Because of the concern expressed by the Committee regarding the continuing educational overpayments, the VA has now discontinued terminating cases on a large scale basis. However, no further collection efforts are being made on many cases due to limitations on conducting such activity. The reported bill will remove these limitations, thus allowing the VA to pursue collection efforts on terminated debts.

GAO study

A recent GAO review for the Subcommittee on HUD-Independent Agencies of the Committee on Appropriations, U.S. Senate, gathered information from a commercial credit bureau on debtors with terminated educational assistance overpayment accounts. This review showed that from a sample of 1,200 VA accounts, credit reports were available at the commercial credit bureau for 915, or 76 percent. Information from the credit reports revealed that:

56 percent of the veterans had what GAO considered good credit ratings.

57 percent had been extended credit which exceeded the amount of the outstanding overpayment. A creditor had, therefore, determined these veterans had the ability to repay an amount equal to the overpayment.

81 percent were employed, including 6 percent with the Federal Government. Two of the debtors are VA employees.

Some specific examples of veterans with good credit ratings but who owed a debt to the Government for which collection efforts had been terminated follow:

In one case, VA had stopped collection efforts on an overpayment of about $1,208 in July 1977 because the VA investigative credit report indicated the veteran was unemployed. However, the commercial credit bureau report GAO obtained in January 1979 showed that the veteran was employed and had been extended credit of $1,300 for purchasing household goods.

A veteran's overpayment account of $1,190 was terminated in December 1977 because the veteran had insufficient income for referral to GAO. However, the credit bureau report showed that he was employed and had obtained an unsecured bank loan for $1,000 in August 1978.

Another overpayment account of $685 was terminated in June 1978 because the veteran was unemployed. His credit bureau report showed he had satisfactorily paid two auto loans—one for $6,400, and another for $1,600. In December 1978, a major bank reported the veteran had a credit card with a $700 line of credit.

The Committee believes that many of the veterans with VA overpayment accounts on which collection efforts have stopped have the ability to repay the overpayment but are simply unwilling to do so. They have little incentive to repay primarily because their financial status and credit records remain unaffected by the delinquent debt. However, if a veteran's delinquent debt were entered on the credit bureau report, the veteran's credit worthiness as viewed by creditors would be affected and most likely there would be an incentive to pay.

The reporting of delinquent debts is now required by the revisions to the Federal Claims Collection Standards dated April 17, 1979. However, the VA has testified the statute which protects the confidentiality of VA claims records, 38 U.S.C. § 3301, prevents VA from implementing the revised standards. The VA has requested an amendment to section 3301 to permit the reporting of delinquent debts, and the measure as reported includes this statutory authority. Hopefully, the threat of this action alone would prompt veterans to pay. Affecting veterans' credit should be used in pursuing current debts and also for veterans who in the past have not responded to administrative collection action.

The VA has testified that locating debtors is also a major problem, and they propose using commercial credit bureau locator services to locate VA debtors. The VA now relies on postal locators and IRS to obtain addresses for debtors. Because millions of Americans have credit records, the use of credit bureau locator services should be a useful VA debt collection tool.

The Committee wants to stress, however, that location of debtors has to be coupled with effective debt collection methods, including reporting debtors to commercial credit bureaus, as well as pursuit of the debt in the Courts, when administrative efforts fail to bring about a satisfactory resolution of the debt.

The GAO review found from a sample of 1,000 accounts that only 7 percent were terminated because the debtor could not be located, but 83 percent were terminated because they could not be referred to GAO or Justice. These sample results indicate that the method of collection is VA's primary problem.

Offset against future benefits/Matching program

In April 1979, VA instructed its regional offices to check guaranteed mortgage loan applicants to determine if they had an educational assistance overpayment account or a defaulted education loan. Since the inception of this program, the VA has collected over $6.5 million. While the Committee commends VA on initiating this program, they are disappointed that such a program was not initiated years ago when the magnitude of the educational assistance overpayment problem became apparent. The Federal Claims Collection Standards published in 1966 state that agencies seeking the collection of statutory penalties, forfeitures, or debts will, as an enforcement aid or for compelling compliance, give serious consideration to the suspension or revocation of licenses or other privileges for any inexcusable, prolonged or repeated failure of a debtor to pay such claim. The Committee believes these standards gave VA the authority to initiate a matching program long before 1979.

Additionally, the Committee believes the matching program could be strengthened to be even more effective. The program has allowed veterans with delinquent educational assistance overpayment or defaulted education loans to pay VA on a repayment plan after their mortgage loan is guaranteed by VA. The VA, however, has no recourse against veterans if they stop paying once the guaranteed mortgage is approved and the debt owed is under $600. Also, there is no reason to believe debtors who have refused to pay VA before will faithfully follow a repayment plan, in the absence of a legally enforceable promissory note. In the business world it is unlikely a bank would make a loan to an individual if he or she had an outstanding delinquent debt.

The Committee believes that guaranteed VA mortgages should not be approved until the veteran has made suitable and binding arrangements for repayment of the delinquent debt.

Furthermore, the VA has no criteria on how much regional offices should accept as a down payment on the repayment plans. For example, in June 1979, the Philadelphia VA Center established 22 repayment plans on delinquent debts totaling $9,659. Initial cash received on these plans was only $210 or 2 percent of the outstanding indebtedness. Also, no interest is charged on delinquent educational assistance overpayments.

A final point on VA's matching program is that approximately 90 percent of guaranteed mortgage applications are submitted by automatic lenders. These lenders can commit VA to guaranteeing a loan. The current procedures require automatic lenders to ask veterans if they have any indebtedness to VA, and if there is an indebtedness, the lender is to instruct the veteran to clear the debt with VA.

The Committee believes this procedure has potential for abuse because (1) it relies on the honesty of the debtor to admit a VA indebtedness and the diligence of the lender to question potential borrowers, and (2) there is no followup by VA to ensure that lenders are following VA procedures. The VA should develop some method to determine the effectiveness of automatic lenders in the matching program.

In another method of offsetting benefits, the GAO found that of 1,200 terminated educational assistance overpayment accounts, 1 percent of the veterans were receiving payments for compensation and pension benefits. This indicates to the Committee that VA's checking the offsetting benefits is not as effective as it should be and concurs with GAO's recommendation to VA in 1976 that a routine automated procedure to check for offsetting benefits is needed.

There are conflicting views that the Veterans' Adminstration is precluded from making deductions from future benefit payments because of the Federal statute of limitations with respect to the time a civil action may be brought or commenced for administrative proceedings. So that there will be no misunderstanding on this issue, the reported bill provides that overpayments will be deducted from any future payments made under laws administered by the Veterans' Administration to the person to whom the overpayment was made, and such overpayment has not been recovered or waived. According to the Congressional Budget Office, the Federal Government should realize savings totaling more than $30 million in fiscal year 81 should the provision be enacted.

Assessment of interest and administrative costs

The Committee believes that the addition of interest and administrative costs, which could be avoided by prompt payment, would provide an added incentive to debtors to repay the debt, as well as a means of recovering a portion of the administrative costs of collection action. The bill provides that the rate of interest to be charged shall be based on the rate of interest paid by the United States for its borrowing. The VA will be responsible for determining a reasonable time period in which payment would avoid assessment of these costs. According to the Congressional Budget Office, the Federal Government should realize savings totaling more than $50 million in fiscal year 1981 should the provision be enacted.

Use of VA attorneys to collect debts

As introduced, H.R. 7394 contained another provision that would have resulted in $20 million in savings during the next fiscal year, had it been enacted. The provision would have allowed the Veterans' Administration to use its own attorneys to collect educational assistance overpayments, defaulted educational loans, and other outstanding debts. This provision, opposed by the Department of Justice in views printed later in this report, was deleted during full Committee markup.

Hundreds of millions of dollars resulting from overpayments and defaulted education loans remain outstanding. The Subcommittee on Special Investigations held hearings in 1979 and early this year on this major problem and found that there is little incentive for a veteran to repay his or her debt to the Federal Government under current collection procedures. It was established that the collection process involving VA's sending three computer-generated collection letters to the debtor was ineffective. Most veterans do not respond to these letters, and future action is dependent on the nature of the account. For example, if debts are below $600, the collection efforts stop if there is no response from the individual after the three computer-generated letters. If a debt is over $600 and the VA determines there is potential for recovery of these funds, the account is referred to the Department of Justice for litigation. During fiscal year 1979, the Veterans' Administration referred 33,643 such cases, totaling $39.1 million. Of this, Justice made 8,715 dispositions totaling $11.5 million. Obviously, the Department of Justice made little progress in the collection of these debts.

Feeling too little was being done by the Department of Justice to collect these debts, Hon. Ronald Mottl introduced H.R. 5268, a bill that would authorize the VA to use some of its 270 attorneys located in VA regional offices throughout the country to help litigate some of the cases and to collect much of the outstanding debt. During hearings, the Department of Justice opposed the legislation on the basis that such legislation, if enacted, "would divest the Attorney General and his subordinates of their statutory responsibilities to supervise and control Government litigation."

The Subcommittee had heard from various individuals in the

Yet, the Subcommittee had heard from various individuals in the Department of Justice offices throughout the country urging that some action be taken to assist the Department since the Department has neither the resources nor the personnel to pursue the collection process to the degree it should be. The following expression is typical of those the Committee received urging the passage of legislation to assist in the collection of these debts:

> Our office currently has over *eight hundred* open files involving Veterans Administration Educational Assistance Allowance Overpayments. Each of these files has been referred to our office by the Veterans' Administration for litigation in Federal Court. Before a lawsuit is filed our office corresponds with every veteran requesting payment in full or that they contact the undersigned to discuss their debt. Very few veterans respond to this letter from our office.
>
> The enormous number of cases makes it impossible for our office to file suit in every instance. In April of 1979 I began planning a major litigation effort against the delinquent veterans. I selected one hundred of the cases to file suit on. The criteria which I used to select the cases was (1) the cases involved $1,000 or more, (2) the veteran was employed (our background file informs us of this fact), (3) the veteran owns property, and (4) that the veteran's address has been verified thereby enabling service of the complaint.
>
> Since May 1, 1979, I have filed 87 lawsuits against veterans for recovery of monies paid under the Educational Assistance Allowance program. I plan to file an additional twenty complaints in the next several weeks.

> The statistical breakdown of this litigation effort may be of interest to you. Of the 87 lawsuits filed, *not one person has denied owing the money.* Consent judgments have been signed by approximately 40 percent of the veterans. In the consent judgment the court orders the veteran to repay based upon an agreement of repayment which is included in the judgment. The consenting veterans pay an average of $50.00 per month until the debt is paid in full. Default judgments have been entered in approximately 40 percent of the cases. A default judgment is taken 20 days after the veteran is served with the complaint and fails to file an answer in Federal Court. In 10 percent of the cases we are still endeavoring to serve the veteran with the complaint. The remaining 10 percent of the cases have been dismissed for inability to serve with the complaint.

In expressing its concern with the magnitude of the debts and the "difficult task of collecting the debts", the Department of Justice indicated its desire to cooperate with the Veterans' Administration.

Mr. Stuart Schiffer, Deputy Assistant Attorney General for the Civil Division, Department of Justice, in testimony before the Subcommittee on Investigations, November 8, 1979, stated:

> The Department of Justice has spent considerable time coordinating the handling of cases, solving problems which have arisen on a nationwide basis and educating and training personnel in regard to these claims. We have worked extensively with the Veterans' Administration to improve the quality and accuracy of its individual case referrals and to obtain support from the agency during the collection process. We encourage the participation and assistance of Veterans' Administration attorneys and clerical personnel in the collection process and in the litigation of these cases. Because we have received no budget increases to hire personnel to handle this increased caseload, we shall not be able to improve collections substantially without the assistance of the Veterans' Administration. In particular, clerical assistance and factual investigations by Veterans' Administration personnel would be most helpful.
>
> As part of the cooperative effort between the Justice Department and the Veterans' Administration, we have recently begun a pilot project which calls for more extensive involvement of Veterans' Administration personnel in the handling of those claims involving less than $600, which in the past have not been referred to the Justice Department. This pilot program is to be conducted in ten districts under the general supervision of the U.S. Attorneys. This program is an example of the steps that can be taken to improve collection efforts without the necessity for extraordinary litigation.

It should be noted that discussions between the Veterans' Administration and the Department of Justice had continued for a lengthy period of time before reaching agreement on the Memorandum of Understanding. Agreement had not been reached on November 8, 1979, the date of the hearing, and it is questionable whether an agreement, satisfactory to the Veterans' Administration, would have been reached except for the hearings conducted by the Honorable Ronald Mottl and the Honorable Elwood Hillis, chairman and ranking minority member of the Subcommittee on Special Investigations respectively.

Finally, on November 20, 1979, the Department of Justice and the Veterans' Administration reached agreement and a Memorandum of Understanding was issued setting forth procedures for the conduct of a one-year test program designed to collect educational assistance overpayments in cases where the amounts owed to the United States are less than $600. The memorandum follows:

DEPARTMENT OF JUSTICE-VETERANS ADMINISTRATION MEMORANDUM OF UNDERSTANDING

1. This memorandum sets forth procedures for the conduct of a one-year test program designed to collect educational assistance overpayments in cases where the amounts owed to the United States are less than $600. The Veterans Administration has informed the Department of Justice that it intends to conduct the program at the following Veterans Administration Regional Offices: Boston, Chicago, New York, Newark, Atlanta, Detroit, Houston, Denver, San Francisco, Los Angeles. The area of jurisdiction for each Regional Office is attached. Upon agreement of the parties to this Memorandum of Understanding, additional Regional Offices may be added.

2. Except as indicated below, Veterans Administration personnel will have primary responsibility to pursue collection efforts. This authority will include the authority to file suit and conduct litigation in federal district courts or state courts and to compromise or close claims or pending litigation.

3. The Federal Claims Collection Standards, 4 C.F.R., Chapter II, will remain generally applicable to the processing of cases in the test program. A determination to file suit will be made only after exhausting the procedures, set forth in the Standards, designed to effect administrative collection. Prior to filing suit, a final demand letter will be sent. Such letters will be sent only in those cases where the Veterans Administration is prepared to file suit promptly.

4. The Veterans Administration and the Department of Justice recognize the need for full cooperation between the Veterans Administration and the Department of Justice. Such cooperation will, *inter alia*, permit the Veterans Administration to draw upon the expertise of the United States Attorneys regarding local rules and practices. The Veterans

Administration will obtain the concurrence of the United States Attorneys in those districts in which the test program is to be conducted. If concurrence is withheld by a United States Attorney, the Veterans Administration will notify the Civil Division of the Department of Justice, which will attempt to obtain such concurrence. As part of the consultation and cooperation between the Veterans Administration and the Department of Justice, the Veterans Administration will seek the advice of the United States Attorneys on such questions as whether to file suits in state or federal courts. To avoid the imposition of undue burdens on court dockets, the United States Attorney has the authority to place restrictions on the time of the filing of the actions.

5. In any case in which substantial legal issues are raised (such as the construction or constitutionality of federal statutes or issues which might affect enforcement policies of government-wide significance), the Veterans Administration will promptly notify the Civil Division. In such cases, the Department of Justice will have the right to assume primary litigative responsibility.

6. The Veterans Administration will furnish to the Civil Division and the local United States Attorneys, at least quarterly, reports containing, by judicial districts, at least the following information: the number of claims in which final demand letters have been sent; number of claims in which repayment or repayment plans have been achieved; number of suits filed and the results of such suits.

7. The Veterans Administration will furnish to the local United States Attorneys copies of all pleadings, motions, legal memoranda, orders, and opinions. The Veterans Administration will furnish to the Civil Division a sufficient sampling of such documents from each district as will keep the Civil Division generally apprised of the nature of the documents which are being filed.

8. Nothing in this memorandum shall affect the authority of the Solicitor General to authorize or to decline to authorize appeals or petitions by the government to any appellate courts. A copy of any order or judgment adverse to the government shall be sent promptly to the Civil Division. The Civil Division shall be promptly notified of any case in which an order or judgment favorable to the government has been appealed by the defendant. The conduct of appeals remains under the control of the Department of Justice.

9. The commitment of personnel by the Veterans Administration to this test program shall not affect the obligation of the Veterans Administration to provide the necessary agency support to United States Attorneys in cases not covered by the test program. In the conduct of this test program, regardless of where the primary litigative responsibility is reposed, the Veterans Administration and Department of Justice will cooperate fully and, as required by 28 U.S.C. § 519, the Attorney General will retain final authority to determine the government's litigation position.

GUY H. MCMICHAEL III,
General Counsel,
Veterans Administration.
ALICE DANIEL,
Acting Assistant Attorney General,
Civil Division, Department of Justice.

Dated: November 20, 1979.

Even though the 10-city pilot program was delayed in getting started, it has been successful. During a subcommittee hearing on April 1, 1980, Mr. William F. McQuillen, Special Assistant to the General Counsel of the Veterans' Administration, in commenting on the possibility of expanding the pilot program and making it nationwide said: ". . . we have proven that the debts are collectible, and that the veteran is signing promissory notes, agreeing to pay, once he realizes that we're serious . . ."

Mr. McQuillen stated he felt it made no sense to wait a year for the results of the pilot program when the VA would have another 50,000 cases resulting from such delay. In stressing the problems that would confront the Agency if it waited until the pilot program was completed, Mr. McQuillen stated:

> We'll be in the same position the Department of Justice was when we saddled the Los Angeles office with thousands of cases. The L.A. office is inundated with cases. Not only would it be difficult for our stations to maintain pace with the 300 cases they're going to be receiving monthly, it'll be virtually impossible for them to take 3,000 cases and start sorting through the backlog.

In responding to Chairman Mottl's question as to whether the Department of Justice would agree to expand the pilot program and make it nationwide, Mr. McQuillen stated:

> We have been frequently reporting to the Department of Justice. We're ordered to report to the Department of Justice on a quarterly basis. We will be submitting our first report to them shortly. We'll be meeting with them and let them analyze the results of our study.
>
> I believe that we can make an extremely convincing argument that it's absurd not to permit us to handle "under-$600" cases because nobody's handling those cases. It's not like the Department of Justice is handling them. They, as you know, pursuant to joint regulations, are not permitted, unless the particular case has some far-reaching legal implication, to handle "under-$600" cases. So, right now they're just not being processed at all. I think we can make a very, very compelling argument to the Office of Management and Budget, certainly to the Department of Justice, that we should be given this additional authority.

In that regard, there follows a letter dated June 10, 1980 to John E. Logan, Office of Legislative Affairs, Department of Justice from Mr. McQuillen on this matter.

VETERANS' ADMINISTRATION,
June 10, 1980.

Mr. JOHN E. LOGAN,
Office of Legislative Affairs,
Department of Justice,
Washington, D.C.

DEAR MR. LOGAN: This is in response to your letter of June 9, 1980, regarding section 604 of H.R. 7394 which provides as follows: "Notwithstanding any other provision of law, the Administrator, through attorneys employed by the Veterans' Administration, may bring suit in any court of competent jurisdiction to recover any amount that is owed to the United States under any law administered by the Veterans Administration."

This "Authority to sue" provision, which would be incorporated into title 38, United States Code, in a new section (3406), is similar to a provision contained in H.R. 5268.

On November 8, 1979, Mr. Stuart E. Schiffer, Deputy Assistant Attorney General, Civil Division, testified regarding this provision and expressed the opposition of the Justice Department. The VA was not asked to submit its views on the bill to the Committee. On April 1 of this year, I testified, on debt collection procedures, before the Subcommittee on Special Investigations of the House Committee on Veterans' Affairs, Chaired by the Honorable Ronald M. Mottl. Once again we were not asked to submit our comments on the Committee's apparent preference to grant the VA authority to sue, on delinquent debts, using attorneys employed by the VA.

As you know, Congress has, during the past few years, become increasingly concerned over the escalating amount of uncollectable indebtedness to the Federal Government in general and the VA in particular. The General Accounting Office has completed a number of studies and has been particularly critical of the VA in regard to our former practice of terminating cases without referral to the Department of Justice or the General Accounting Office. In the past, pursuant to 4 C.F.R. § 105.6 (1977), debts under $600, as well as cases where credit information could not be obtained, were not referred to the Department of Justice. During hearings before the Subcommittee on HUD—Independent Agencies of the Committee on Appropriations, Chaired by the Honorable William Proxmire, the practice of "writing off" under-$600 debts was discussed in considerable detail and it became clear to the VA that this practice would no longer be tolerated by Congress. As a direct result of the hearings, Congress authorized a test program to determine the feasibility of utilizing VA attorneys to collect these debts, including pursuit in court where necessary.

The test was begun with approximately 900 cases which had been retrieved from terminated status by GAO and distributed throughout six of our field offices. Proceeding with the test was contingent upon obtaining approval from the local U.S. Attorney, which required a great deal of negotiating. At one station approval was not obtained until the first phase of the program was essentially over, and that station has been unable to effectively participate in the program. Of the remaining five stations, our experience with these cases suggests that we will obtain a rather high rate of voluntary resolution of the debts, merely by sending demand letters which indicate our ability and willingness to sue to recover the debt by employing immediate follow-up procedures. This information was presented to the Subcommittee on Special Investigations of the House Veterans' Affairs Committee during testimony on April 1, 1980, and copies of all pertinent information were provided to the Department of Justice.

The second phase of the Pilot Program involves actions on active under-$600 cases. Due to numerous changes to automated procedures, involving our Central Accounts Receivable System (CARS), this program did not become fully operational until the second week in May. (Enclosed is a summary of our Pilot Program which describes the various stages of our debt collection program.) At the present time, CARS has submitted over 5,000 cases to the 10 regional offices involved in the Pilot Program.

In response to concerns expressed by Congress, as well as GAO, we have discontinued the practice of automatically terminating under-$600 cases. As a consequence and due to the limited scope of the Pilot Program, over 50 percent of the under-$600 cases will not be processed. Although, as I mentioned previously, our agency has not indicated its views to Congress regarding the additional authority proposed in section 604, it would seem that the expansion of the Pilot Program nationwide is absolutely essential as an alternative to the proposed authority in order to ensure that we do not accumulate a backlog of potentially 3,500 cases per month which would be neither active nor terminated, and would not be processed by either the VA or DOJ.

Since the markup is Thursday, it is not possible for this agency to make a determination regarding every aspect of section 604. Hopefully, the information contained herein will be sufficient for the time being. If I can provide any additional information in this matter, please contact me at 389-3688.

Sincerely,

WILLIAM F. MCQUILLEN,
Special Assistant to the General Counsel.

Since debts of less than $600 comprise the vast majority of funds due the United States, the Subcommittee recommended to the full Committee that VA attorneys be authorized to litigate these cases so that the Federal Government can recover a substantial amount of the debts that would otherwise not be paid.

In view of the Department of Justice opposition to the amendment, based only on jurisdiction, many members of the Committee feel the Veterans' Administration should proceed immediately to expand the current pilot program, making it nationwide. If this is not done soon, a convincing argument can be made that most of these debts will never be paid.

Resources

The Committee is aware that the new and increased activities called for in Title VI will place additional burdens on the VA with respect to resources. It is essential that the resources necessary to carry out these demands be provided. Therefore, the Committee expects that funding and staffing requirements will be reviewed, altered, and increased as appropriate, in compliance with the needs of the various activities involved in these programs.

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Incarcerated veterans

The Veterans' Administration has received a number of complaints from prison officials stating that when the Veterans' Administration makes payment of educational benefits to incarcerated veterans for pursuing programs of education, excess funds over and above educational costs being paid these prisoners have caused disciplinary problems. Some of the incarcerated veterans have used these excess funds to purchase narcotics. Others have had their GI Bill payments stolen from them.

In his message on Vietnam era veterans dated October 10, 1978, the President stated that:

> Like veterans of all wars, a certain percentage of Vietnam era veterans end up in prison after returning home. Available data suggest that there are about 29,000 Vietnam era veterans in State and Federal prisons. Many of these veterans received discharges which entitle them to VA benefits. Unfortunately, we lack comprehensive information about imprisoned veterans.
>
> I have directed the Law Enforcement Assistance Administration (LEAA) to compile accurate data about incarcerated veterans. I have also asked the LEAA and the Bureau of Prisons to develop an information dissemination program for criminal justice system officials aimed at informing veterans of the benefits available to them.

Many education and training courses are offered in prisons at little or no cost to the veteran which include free board and room at the expense of the prisons. This results in a financial bonus for such veterans which is not the intent of the GI Bill. For example, it was reported in California that a Soledad prisoner, convicted of armed robbery, prefers to remain in prison rather than accept probation because he's receiving $400 a month in GI Bill payments and has no subsistence expenses. In another case, it was pointed out that profitable schooling is becoming the "in" thing among prisoners. Nearly 200 criminals in nine Illinois prisons are receiving "educational allowances" with no strings attached for attending full-time grade school, high school or college classes conducted at these facilities. Another report from Illinois stated that the Veterans' Administration will pay more than two dozen convicted felons thousands of dollars to help fund an education program which State government provides inmates for no charge at an Illinois maximum-security prison. The reported bill would prohibit the payment of subsistence allowance to such veterans. Incarcerated veterans would be eligible to receive only the cost of tuition and fees.

Present law provides that military personnel attending school under the GI Bill are paid only the cost of tuition and fees and prohibits the payment of a subsistence allowance. The basis for this limitation is that active duty servicemen are being furnished their living allowances by the Armed Forces.

The Committee bill, therefore, would limit the amount of educational assistance available to incarcerated veterans to tuition and fees, the same level of assistance new being paid to in-service personnel going to school under the program. In cases where the tuition and fees of the veteran or person are paid under another Federal, State or local program, no payments would be authorized.

Terminate Flight, Correspondence and Predischarge Training Programs

The First Concurrent Resolution on the Budget for Fiscal Year 1981 includes reconciliation instructions to eight House Committees to report legislation which would cut amounts from programs within their jurisdiction. The Committee on Veterans' Affairs was instructed under this reconciliation directive to report $400 million by July 2, 1980. In the report on the First Concurrent Budget Resolution for Fiscal Year 1981, the Budget Committee listed a number of programs as legislative savings proposals to meet the reconciliation request. Two programs earmarked by the Budget Committee for a total savings of $57 million for fiscal year 1981 were flight and correspondence training benefits for veterans and their dependents under the GI Bill, and the Dependents Education and Training Program.

The Veterans' Administration has requested the Congress to repeal the authority for flight and correspondence training for four straight years. In each instance your Committee has rejected the VA recommendation to end these two programs.

In that regard, on March 26, 1979, the Veterans' Administrator transmitted a draft bill entitled GI Bill Amendments Act of 1979, including a provision to repeal . . . authority for pursuit of flight training by veterans and the pursuit of correspondence training by veterans and dependents.

In justification for proposing the repeal of these two education and training programs, the Veterans' Administration referred to a report dated July 11, 1978, sent to the Congress by the Veterans' Administration, entitled "Study of Vocational Objective Programs Approved for the Enrollment of Veterans". The Veterans' Administration went on to say:

> We believe that the ineffectiveness of these two programs in achieving their intended purpose, along with potential for abuse within their programs, necessitates their termination. There is ample evidence that the training does not lead to jobs for the majority of trainees and that the courses tend to serve avocational, recreational and/or personal enrichment, rather than basic readjustment and employment objectives.

Another provision of H.R. 7394 proposes to terminate the Predischarge Education Program authorized under the Post-Vietnam Era Education Assistance Program (VEAP), the education program created for persons entering the Armed Forces since January 1, 1977. The estimated savings to terminate the flight training for veterans is $46 million, correspondence training for veterans and dependents is $11 million, and the PREP Program is $3 million, for a total of $60 million in savings if these benefits are terminated.

The decision to terminate flight training and correspondence programs, two long standing programs which have been available to veterans in all three GI Bills (World War II, Korea and Vietnam), should not be construed to mean that the Veterans' Affairs Committee agrees with the views of the Veterans' Administration or the Budget Committee regarding these programs. The termination of these two education and training programs is provided for in this bill only because of the mandate of the House. It is a budgetary decision imposed on the Committee. Because legislative savings must be recommended to the House by July 2, the Committee has included provisions in the reported bill to end these programs effective October 1, 1980, which will result in a cost saving of $46 million for flight training and $11 million for correspondence training in FY 81.

H.R. 3272, a bill carrying out the Veterans' Administration request, was introduced on March 27, 1979, and includes provisions to repeal flight training and correspondence training under laws administered by the Veterans' Administration. Hearings on March 28 and July 31, 1979, considered this bill. This was the third straight year that these programs were recommended for elimination by the Veterans' Administration. The Subcommittee on Education, Training and Employment, however, did not act favorably on the Veterans' Administration request to terminate these programs, and did not include any provisions in the recommended H.R. 5288, which was considered and reported by the Committee on October 4, 1979 (House Report 96-498) and passed by the House on October 16, 1979.

In presenting its fiscal year 1981 budget request, the Veterans' Administration again recommended the elimination of flight and correspondence training for veterans and dependents with an estimated savings of approximately $57 million. However, the report to the Committee on the Budget from the Committee on Veterans' Affairs on the budget proposed for fiscal year 1981 did not contemplate terminating flight and correspondence training. After indicating that the Committee did not expect to favorably consider legislation to eliminate these two programs, the report stated: "This is the fourth consecutive year that the Administration has submitted this proposal. It is the Committee's view that this program has fulfilled its intended purpose—helping the beneficiary adjust to his or her changed circumstances by providing the training needed for basic employment."

The House Budget Committee, however, in its report to accompany the First Concurrent Resolution on the Budget for Fiscal Year 1981, House Concurrent Resolution 307, mandated the Committee on Veterans' Affairs to realize $400 million in savings as specified in the reconciliation instructions. The report further directed the Veterans' Affairs Committee to submit its $400 million reconciliation recommendations by June 15, 1980. The Budget Committee recommendation listed a number of ways that the $400 million in legislative savings could be achieved.

The Budget Committee recommended that flight and correspondence training be terminated for the reasons outlined in the report, House Report 96-857, accompanying House Concurrent Resolution 307—The First Concurrent Budget Resolution for Fiscal Year 1981, as follows:

> For several years the President has proposed the elimination of flight and correspondence training benefits. These benefits were designed to enhance readjustment to civilian life, to provide training for basic employment. However, it has become clear that these programs are not serving their intended goals, that the training is used for recreational purposes and does not lead to professional full-time employment. Action could be taken this year to eliminate these benefits and

the Predischarge Education Program (PREP). CBO estimates that approximately $60 million in savings would result from termination of these benefits.

Title VII proposes a number of technical changes.

Title VIII sets the effective date of the amendments proposed to be made by the bill as the first day of the first month beginning 60 days after the date of enactment, except for rate increases and counseling, which would become effective on October 1, 1980, as well as termination of flight and correspondence training and the PREP program.

OVERSIGHT FINDINGS

In compliance with the provisions of rule XI of the Rules of the House of Representatives, the Subcommittee on Education, Training and Employment held hearings on March 28, April 3, May 8 and July 31, 1979, and February 20 and March 6, 1980, on education, training and employment programs administered by the Veterans' Administration, the Department of Labor and the Office of Personnel Management. In addition, the Subcommittee held field hearings on April 27 and 28, 1979, in Los Angeles, California, and on June 22, 1979, in Atlanta, Georgia. The oversight hearings reviewed education, training and employment programs administered by the Veterans' Administration and the Department of Labor.

These oversight hearings reviewed and studied the application, administration, execution and effectiveness of the laws passed by Congress which come within the jurisdiction of this Committee. The Committee sought to determine if these laws and programs were being implemented and carried out in accordance with the intent of Congress and if these programs should be continued, curtailed or eliminated. Included in the oversight review by the Subcommittee on Education, Training and Employment were: (1) the Vocational Rehabilitation Program enacted by Congress for the service-connected disabled veterans who need rehabilitation to overcome employment handicaps caused by their service-connected disabilities; (2) the G.I. Bill, which is training more than a million veterans in fiscal year 1980, and is the most widely known veterans education and training program; (3) the Dependents Education Program which provides benefits to the widows and children of deceased veterans who died from service-connected causes, and spouses and children of veterans whose service-connected disabilities are permanent and total. In addition, spouses and children of service-persons missing in action or interned by hostile foreign governments for more than 90 days are also eligible under this program; and (4) the Post-Vietnam Era Educational Assistance Program, which was established on October 1, 1976. This is a voluntary contributory educational assistance program whereby servicepersons who receive matching funds from the Veterans' Administration at the rate of $2 for each $1 contributed by the participant. The contributions from the serviceperson are from $50 to $75 a month, for a total maximum of $2,700. This is a five year pilot program, which under the law, Public Law 94–502) requires the Administration to submit to the Congress by June 1, 1981 its recommendations regarding this program which will terminate on December 31, 1981, unless further action is taken by the Congress.

There are a number of employment and training programs which are included in chapters 41, 42 and 43 of title 38, U.S.C., which provide preference for veterans seeking employment in the private sector through public employment offices and the Federal Government, as administered by the Office of Personnel Management. Employment programs in these three chapters are of intense interest to Vietnam veterans. The Committee in its oversight hearings placed much emphasis on examining the basis for, the soundness and effectiveness of these employment programs, which have been highly criticized by some representatives of the veteran population.

The Secretary of Labor has responsibility for the Veterans' Employment Service of the Department of Labor, which implements veterans preference at the local public employment office. A new position of Deputy Assistant Secretary for Veterans' Employment. (DASVE) was established by the 94th Congress, to be the principal advisor to the Secretary of Labor with regard to all matters relating to veterans programs in that Department. One of the principal purposes of the oversight hearings was to review the work of the veterans employment representatives in the several states, and to determine whether the establishment of the new position of Deputy Assistant Secretary for Veterans Employment (DASVE) has improved the delivery of services to veterans under programs administered by the Department of Labor as contemplated.

No oversight findings have been submitted to the Committee by the Committee on Government Operations.

INFLATIONARY IMPACT STATEMENT

The reported bill would have no inflationary impact since the major costs of the bill would provide for a cost-of-living rate increase in the subsistence allowance paid to vocational rehabilitation trainees under chapter 31 and the education and training rates paid to veterans and dependents under chapters 34 and 35, effective October 1, 1980. In addition, there are a number of cost savings in the reported bill.

COST

The reported bill will result in increased first year costs for a 10 percent education rate increase for veterans and dependents trainees of $246.5 million in estimated outlays, $19.2 million in estimated outlays for a 17 percent rate increase for vocational rehabilitation trainees under chapter 31, and $8.4 million for modifications to the Vocational Rehabilitation Program.

The Veterans' Administration, in its fiscal year 1981 budget request, included a recommendation to enhance the Vocational Rehabilitation Program with an increased first year cost of $18.4 million, and recommended a 10 percent increase in the subsistence allowance for trainees under the chapter 31 program. The 10 percent education rate increase for the first year for all Veterans' Administration education and training programs except flight and correspondence courses was estimated by the Veterans' Administration to be a cost of $180 million.

The Committee believes that the improvements of the Vocational Rehabilitation Program, as contained in Title I of the reported bill, will require the hiring of additional Vocational Rehabilitation Specialists, Psychologists, Counselors, and others to provide for the expansion of services anticipated by the Committee under the provisions of the reported bill. While the estimate of the Veterans' Administration for the rate increases is lower than the Congressional Budget Office, the Committee has accepted, as required, the Congressional Budget Office's estimates for increased first year costs of the reported bill. The Second Concurrent Budget Resolution agreed to by the Congress during the first session of the 96th Congress earmarked sufficient funds for new entitlement authority and authorization for the Vocational Rehabilitation Program as contemplated in H.R. 5288, which was approved by the House on October 16, 1979. The First Concurrent Budget Resolution, H. Con. Res. 307, approved by the Congress on June 12, 1980, assumes new entitlement authority to fund a 10 percent rate increase in GI Bill benefits for fiscal year 1981, and the authorized additional Vocational Rehabilitation services and 17 percent increase in subsistence allowances for veterans in the Veterans' Administration's Vocational Rehabilitation Program for fiscal year 1981.

BUDGET STATEMENT

As required by rule XI of the Rules of the House of Representatives, the following cost estimate has been received from the Congressional Budget Office on the reported bill.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., June 20, 1980.

Hon. RAY ROBERTS,
Chairman, Committee on Veterans' Affairs, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 202 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 7394, the Veterans Rehabilitation and Education Amendments of 1980.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

ROBERT D. REISCHAUER
(For Alice M. Rivlin, Director).

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

JUNE 20, 1980.

1. Bill number: H.R. 7394.

2. Bill title: Veterans Rehabilitation and Education Amendments of 1980.

3. Bill status: Ordered reported by the House Committee on Veterans' Affairs on June 12, 1980.

4. Bill purpose: To amend title 38, United States Code, to revise the veterans' vocational rehabilitation program, to provide a 10 percent increase in the rates of educational assistance under the GI Bill, to make certain improvements in the educational assistance programs for veterans and eligible survivors and dependents, to revise and expand veterans' employment and training programs, to provide certain cost-saving administrative provisions, and for other purposes.

5. Cost estimate: This bill would result in additional future federal liabilities through an extension of existing entitlements and would require subsequent appropriation action to provide the necessary budget authority. The figures shown as "Required Budget Authority" represent an estimate of the additional budget authority needed to cover the estimated outlays that would result from enactment of H.R. 7394.

A negative budget authority indicates that this bill would reduce future federal liabilities through a change to an existing entitlement and therefore could permit subsequent appropriations action to reduce the budget authority for this and other programs. Negative figures shown as "Required Budget Authority" represent that amount by which budget authority for the program could be reduced, as a result of this bill, below the level needed under current law.

Only those sections of H.R. 7394 with cost impact are listed in the cost estimate.

The costs of this bill fall in function 700.

[By fiscal years, in millions of dollars]

	1981	1982	1983	1984	1985
Title I:					
Modifications to vocational rehabilitation:					
Required budget authority	8.4	8.4	8.3	8.3	8.4
Estimated outlays	8.4	8.4	8.3	8.3	8.4
17-percent rate increase for chapter 31:					
Required budget authority	21.2	30.2	30.6	25.4	21.4
Estimated outlays	19.2	31.0	31.2	26.0	21.4
Title II:					
10-percent rate increase for chapters 34 and 35:					
Required budget authority	273.3	293.9	240.6	165.8	127.2
Estimated outlays	246.5	300.4	246.3	172.4	127.2
Title VI:					
Repeal of correspondence and flight training:					
Required budget authority	−56.3	−48.1	−39.4	−30.3	−21.2
Estimated outlays	−56.3	−48.1	−39.4	−30.3	−21.2
Debt collection provisions:					
Required budget authority	−116.0	−141.0	−109.0	−88.0	−65.0
Estimated outlays	−116.0	−141.0	−109.0	−88.0	−65.0
Changes affecting training under the post-Vietnam era veteran's educational assistance program (chapter 32):					
Required budget authority	−.9	−2.4	−1.7	−1.0	−.9
Estimated outlays	−.9	−2.4	−1.7	−1.0	−.9
Limitation on payments to incarcerated veterans:					
Required budget authority	−6.2	−4.2	−2.9	−1.9	−1.4
Estimated outlays	−6.2	−4.2	−2.9	−1.9	−1.4
Total cost:					
Required budget authority	123.5	136.8	126.5	78.3	68.5
Estimated outlays	94.7	144.1	132.8	85.5	68.5

6. Basis for estimate:

Title I

1. Modification of Vocational Rehabilitation:

This provision would make various Administration proposed modifications to the program to rehabilitate disabled veterans under Chapter 31, Title 38, U.S.C. These modifications would provide: 1) additional employment placement and adjustment services, 2) the payment of the two month post-rehabilitative subsistance allowance at the full-time rate instead of at the previously paid rate, 3) additional counseling and guidance, 4) prevocational evaluation and assistance, and 5) various other improvements in what is available to these veterans. In addition, the provision would bolster the Veterans' Administration's capacity to provide vocational rehabilitation services through increased staff development activities and research and demonstration grants.

CBO accepts the Veterans' Administration's estimates for these modifications.

	Millions
Required budget authority:	
Fiscal year:	
1981	$8.4
1982	8.4
1983	8.3
1984	8.3
1985	8.4
Estimated outlays:	
Fiscal year:	
1981	8.4
1982	8.4
1983	8.3
1984	8.3
1985	8.4

2. Rate Increase for Training Under Vocational Rehabilitation:

This provision would raise the payment rate for vocational rehabilitation by 17 percent. Additional expenditures would occur three different ways: 1) additional payments will be made to those in training; 2) some disabled veterans will be induced to train who would not have trained; and 3) some disabled veterans currently training under Chapter 34 would be induced to train under Chapter 31 at the new higher rate.

For fiscal year 1981, these three costs are determined:

(1) For the projected 25,500 who would train in any case, average cost rises from an estimated $3,450 to $3,864, resulting in a cost of $10.6 million.

(2) For an estimated 2,000 additional disabled veterans induced to train, there is an additional cost of $7.7 million.

(3) And, for the estimated 2,500 veterans who choose Chapter 31 instead of Chapter 34, there is an additional cost of $2.9 million.

	Millions
Required budget authority:	
Fiscal year:	
1981	$21.2
1982	30.2
1983	30.6
1984	25.4
1985	21.4
Estimated outlays:	
Fiscal year:	
1981	19.2
1982	31.0
1983	31.2
1984	26.0
1985	21.4

Title II

1. This provision would raise benefit levels by 10 percent for Chapters 34 and 35 (respectively, the Veterans' Educational Assistance Program and the Survivors' and Dependents' Educational Assistance Program). It is expected that this will raise expenditures in two ways. First, it will cause the average cost per trainee to go up by about 10 percent. For veterans training under the Veterans' Educational As-

sistance program, average cost can be expected to rise from $2,025 per year to $2,225 per year. For those training under the Survivors' and Dependents' Educational Assistance program, the average cost will rise from an estimated $2,065 per year to $2,275. Second, it will cause additional persons to train who would not have trained otherwise. The following table shows the estimated number of veterans training under the GI bill with and without the 10 percent increase.

Estimated number of veterans who will train under the GI bill

	Thousands
Without the 10-percent increase:	
Fiscal year:	
1981	668
1982	442
1983	291
1984	200
1985	141
With the 10-percent increase (assumes 17 percent rate increase in Chapter 31):	
Fiscal year:	
1981	719
1982	515
1983	349
1984	237
1985	166

Similar relative differences occur for the smaller Survivors' and Dependents' Educational Assistance Program. The total cost including the increased cost both for the current trainees and new trainees is shown below.

Cost estimate

	Millions
Required budget authority:	
Fiscal year:	
1981	$273.3
1982	298.9
1983	240.6
1984	165.8
1985	127.2
Estimated outlays:	
Fiscal year:	
1981	246.5
1982	300.4
1983	246.3
1984	172.4
1985	127.2

2. This provision would increase payments to state approving agencies for administration by 10 percent. Current payments are about $1.4 million for fiscal year 1981 which means an added cost of $140 thousand with the 10 percent increase.

Cost estimate

	Millions
Required budget authority:	
Fiscal year:	
1981	(*)
1982	(*)
1983	(*)
1984	(*)
1985	(*)
Estimated outlays:	
Fiscal year:	
1981	(*)
1982	(*)
1983	(*)
1984	(*)
1985	(*)

*Less than $500,000.

Title VI (Cost Savings Provisions)

1. Repeal of Correspondence and Flight Training:

VA and CBO estimates indicate that the repeal of correspondence and flight training would result in over 50,000 fewer GI Bill trainees in fiscal year 1981. Resulting savings would be $56.3 million.

Cost Estimate

	Millions
Required budget authority:	
Fiscal year:	
1981	−$56.3
1982	−48.1
1983	−39.4
1984	−30.3
1985	−21.2
Estimated outlays:	
Fiscal year:	
1981	−56.3
1982	−48.1
1983	−39.4
1984	−30.3
1985	−21.2

2. Debt Collection Provisions:

There are three basic provisions which apply to VA debt collection procedures:

(1) To allow VA to disclose names and addresses of veterans and other information to consumer reporting agencies for debt collection purposes,

(2) To authorize VA to charge interest on debts owed the federal government plus additional charges to cover the cost of the debt collection procedures,

(3) To eliminate the current six year statute of limitations on debts owed the United States for programs administered by the Veterans' Administration.

As of the end of fiscal year 1979, the Veterans Administration was owed an estimated $394 million in terminated overpayments. In addition, as of the end of January 1980, it had another $505 million in current overpayments outstanding. CBO expects that greater proportions of both categories will be collected should these provisions become law. In fiscal year 1981, these three provisions are assumed to result in a savings of $100 million to the federal government as a result of increased collections (one-ninth of the $900 million total).

	Millions
Cost:	
Fiscal year:	
1981	−$100.0
1982	−125.0
1983	−94.0
1984	−75.0
1985	−56.0

The Veterans' Administration has indicated that they will incur the following costs for administering the disclosure of names to consumer reporting agencies.

	Millions
Cost:	
Fiscal year:	
1981	$14.0
1982	10.0
1983	6.0
1984	3.0
1985	2.0

Finally, additional savings should result as veterans either avoid overpayments or pay them back more quickly. According to the Veterans' Administration, during fiscal year 1979 there were $503 million in overpayments and through April 1980 there were $261 million in overpayments. While there is no hard evidence available, CBO assumes a $30 million savings as a result of the deterrent factor in fiscal year 1981.

Cost:

Fiscal year:	*Millions*
1981	−$30.0
1982	−26.0
1983	−21.0
1984	−16.0
1985	−11.0

Net cost

Required budget authority:

Fiscal year:	
1981	−$116.0
1982	−141.0
1983	−109.0
1984	−88.0
1985	−65.0

Estimated outlays:

Fiscal year:	
1981	−$166.0
1982	−141.0
1983	−109.0
1984	−88.0
1985	−65.0

3. Changes Affecting Training Under the Post-Vietnam Era Veterans' Educational Assistance Program (Chapter 32):

One proposal would make counseling available under Chapter 32. The Veterans' Administration has estimated that this would result in $100,000 in additional expenditures in fiscal year 1981. A second proposal would eliminate the Predischarge Education Program (PREP) provided under Chapter 32. CBO estimates that this would result in 2,500 fewer trainees and save $1.0 million in fiscal year 1981.

[By fiscal years, in millions of dollars]

	1981	1982	1983	1984	1985
Make counseling available under chapter 32	0.1	0.3	0.3	0.4	0.4
Eliminate PREP training under chapter 32	−1.0	−2.7	−2.0	−1.4	−1.3
Net change:					
Change in required budget authority	−.9	−2.4	−1.7	−1.0	−.9
Estimated change in outlays	−.9	−2.4	−1.7	−1.0	−.9

4. Limitation on Payments to Incarcerated Veterans:

This provision would limit veterans' educational assistance for incarcerated veterans to the payment of tuition and fees. Payment of tuition, books and fees would also be eliminated where federal or state programs provide this support. Out of a total federal, state and prison population of 314,000 (as of December 31, 1979) it has been estimated that 25 percent are veterans (78,500). Assuming one quarter of these are eligible for the GI Bill (19,625) and applying a 20 percent participation rate implies that 3,925 will train under the GI Bill. CBO assumes that payments for these individuals average $2,000 per year and that one-third of these payments go for tuition, books and fees. Thus limiting these veterans to tuition, books and fees gives a savings of about $5.2 million in fiscal year 1981. CBO assumes an additional $1 million will be saved as a result of eliminating payments for tuition, books and fees for those veteran inmates receiving payments under federal or state programs.

	Millions
Required budget authority:	
Fiscal year:	
1981	−$6.2
1982	−4.2
1983	−2.9
1984	−1.9
1985	−1.4
Estimated outlays:	
Fiscal year:	
1981	−6.2
1982	−4.2
1983	−2.9
1984	−1.9
1985	−1.4

7. Estimate comparison: None.
8. Previous CBO estimate: None.
9. Estimate prepared by: Al Peden.
10. Estimate approved by:

CHARLES SEAGRAVE
(For James L. Blum,
Assistant Director for Budget Analysis).

SECTION-BY-SECTION ANALYSIS OF H.R. 7394

The first section of the bill provides that the Act may be cited as the "Veterans Rehabilitation and Education Amendments of 1980".

TITLE I—REVISION OF VOCATIONAL REHABILITATION PROGRAM

Section 101(a)

This section replaces the existing chapter 31 of title 38 with new provisions which are primarily designed to carry out the recommendations made by the Veterans' Administration in its study of the vocational rehabilitation program required by section 307 of Public Law 95-202, the GI Bill Improvement Act of 1977. That study was printed as House Committee Print No. 167, 95th Congress. The findings and recommendations made in the study were adopted by the President in his message to the Congress of October 10, 1978, on the status of the Vietnam era veteran. The provisions of the revised chapter 31 as approved by the Committee are as follows:

Section 1500. Purpose

This section declares that it is the purpose of the program to provide all services necessary to enable veterans with service-connected disabilities to attain maximum independence, become employable, and obtain and maintain suitable employment. This represents an expansion of the purpose set forth in current law. While current law states that the purpose of the program is to restore employability, the effect has been to restrict the application in terms of services which could be made available to the service-disabled veteran and restrict the number of veterans who could be assisted. Under the new purpose, veterans whose disability or disabilities are so severe as to prevent them from attaining employability may, nevertheless, be aided to the extent feasible in attaining maximum independence in today's society. In addition, the benefits to be provided under the new provisions would not be restricted to the "employability" level as prescribed in current law. Instead, they would be extended beyond that point to obtaining employment for the veteran and assuring that he or she can maintain that employment. Thus, the Veterans' Administration would be permitted to accomplish the broader goals which would be assigned to it.

Section 1501. Definitions

This new section defines two key terms to be used in conjunction with the revised chapter 31 program. The first—"vocational rehabilitation"—would be a much broader term than that applicable in current law. It would encompass all of the services to be provided the veteran including diagnostic, medical, social, psychological, economic, and vocational services. The definition would also encompass the greatly broadened goals set forth in the purpose section cited above. Veterans would be given the opportunity, where they are severely handicapped and are unable to train to employability, of attaining the level of maximum independence consistent with their capabilities. Assistance would be provided by the Veterans' Administration in obtaining employment for the veteran and in assuring that he or she retained the job as well. While the primary role in job placement would remain with the Department of Labor, the Administrator would be granted explicit authority to assist in this area. Follow-up procedures to assure that the rehabilitated veteran maintains suitable employment are included.

The second key definition is "employment handicap". Vocational rehabilitation benefits would be extended a qualified person only if the individual has an employment handicap. This is defined as a service-connected disability the limiting effects of which impair an individual's ability to prepare for, obtain, or retain employment consistent with the individual's abilities, aptitudes, and interests. The key elements are that the limitations must exist at present, there must be a disability which is service-connected (although this impairment to employment may result in combination with other factors such as prior education, work history, or non-service-connected disabilities) and operate to prevent the person from being suitably employed (or once employed from remaining suitably employed). Such individuals, if otherwise qualified, may also be assisted by the VA through the provisions of chapter 17 of title 38.

Section 1502. Basic entitlement

This section sets forth the criteria for determining whether a veteran is eligible for vocational rehabilitation under chapter 31. The criteria are essentially the same as that contained in current law. However, instead of limiting the period of service involved to service during World War II and defining that period of service, the new provision merely states that the applicable service is that service occurring after

September 16, 1940, which is the beginning of World War II mobilization. The provisions relating to a release or discharge under other than dishonorable conditions are currently located in section 1503(b)(2) of title 38; the provisions regarding education outside of a State have been transferred to new section 1513; the provisions relating to eligibility for work-study benefits have been relocated in section 1504(14); and the authority to provide advance payment has been set forth in new section 1506(i). The new provisions concerning "handicap" as meaning an "employment handicap" are in keeping with the new statement of purpose and definitions set forth earlier.

Section 1502(b) represents a statutory expansion of the role of the Veterans' Administration in the rehabilitative process (also mentioned earlier). Existing chapter 31 makes no mention of follow-up services after the veteran is employed, but VA regulations (38 C.F.R. 21.290 (D)) state that such services will be provided in individual cases, where necessary.

The specific intent of new section 1502(b) goes even further to assure that if a veteran reaches the point of being "rehabilitated," he or she may receive further rehabilitative services if new conditions warrant. Occupational requirements or conditions may change or a veteran may have an improved or reduced capacity to train or adjust due to a change in physical or mental condition. Even though he or she has already been trained and found employment, the VA will retrain or assist the veteran to find employment consistent with his or her present capacity and aptitudes. Under existing law such training would not normally be given because the law only contemplates that the individual will be trained to employability, at which time further VA responsibility ends.

Section 1503. Periods of eligibility

The Committee bill retains the basic 9-year delimiting provision, plus the 4-year extension for certain circumstances. The only change from current law is to remove historical references to the October 15, 1971, requirement which has been rendered obsolete by the passage of time.

Under current law, a series of possible extensions are set forth including situations where the veteran has been prevented from entering or re-entering training because of medical reasons; the veteran has had his or her discharge upgraded; and the veteran has not established the existence of a compensable service-connected disability on a timely basis. The bill also retains current law provisions permitting extensions in the case of seriously disabled veterans.

Section 1504. Scope of services

Subsection (a) lists the various rehabilitative services to be provided by the VA. Some of these services are already being provided under chapter 31 or in cooperation with the Department of Medicine and Surgery under chapter 17 of title 38. However, others are new. In the VA's study of chapter 31, "A Study of the Provisions for Veterans Vocational Rehabilitation," an analysis of the services provided under chapter 31 was made in comparison to those offered under the Rehabilitation Act of 1973. The latter is a program available to nonveterans. The analysis revealed that the VA program is more narrowly structured. As a result, some services available under the Rehabilitation Services Act are not permitted under the VA program. This is due in part to the fact that chapter 31 is much less specific concerning the services to be provided, indicating only broad categories of service such as training, medical care, and treatment. It has been necessary to specify the available services through VA regulations, and one problem in this task has been to interpret the legislative intent of existing section 1501 with respect to the coverage of the phrase "other necessary incidental services" (i.e., incidental to training).

Many Vietnam era veterans are still suffering from severe crippling disabilities as a result of wounds received in combat in Southeast Asia. The current rehabilitation program emphasizes vocational training but falls short in statutory authorization for the full range of necessary rehabilitative services for seriously vocationally handicapped veterans to realize their full potential.

Therefore, the intent of new section 1504, on scope of services, is to more clearly indicate the full range of services contemplated and to show that they only need to be necessary for "rehabilitation," not training per se. For example, under the current chapter 31 provisions, if a veteran is found not to be feasible for training, no services are provided.

Under the new provisions of section 1504(1), the veteran's potential is to be evaluated, and if it is found that he or she is not feasible for training, services shall be provided to improve his or her potential for rehabilitation (including training). If the veteran is not found feasible for training, he or she will still be assisted to become as independent as possible. Similarly, section 1504(2) provides that counseling shall include not only vocational counseling but educational and personal counseling, since each form of assistance is an integral part of dealing with the veteran's rehabilitation needs.

Section 1504(3) provides for a mutually acceptable rehabilitation plan. While the goal and general plan of rehabilitation are established in counseling under present procedures, determination with the veteran of the specific training plan to be followed and implementation of the training plan are the responsibility of the vocational rehabilitation specialist. The new procedures stress the veteran's role in formulating the plan (see section 1508 discussion below).

In the process of providing training to the veteran, various aids and items are needed. Subsection 1504(4) enumerates those items which are routinely provided for the training phase of rehabilitation.

Existing section 1506 of title 38 gives authority for providing medical services and related services to rehabilitation recipients. New sections 1504(5), (6), and (7) enumerate these services in a somewhat more detailed manner, although they are already being provided under the current program.

In keeping with the expanded purpose of rehabilitation, section 1504(8) specifically provides authority to effect job placement and to give postplacement services.

Section 1504(9) will permit family services in instances where determined necessary.

Section 1504(10) deals with services including those needed by the blind or deaf. Current provisions of chapter 31 do not specifically provide for these special services for the blind and deaf. However, it does authorize the furnishing of necessary services incidental to training and, under this authority, reader service for the blind during training is provided as a vocational rehabilitation service (38 C.F.R. 21.279). Comprehensive adjustment programs, rehabilitation teaching services, orientation and mobility services for blinded veterans are provided as medical rehabilitation services at VA blind rehabilitation centers under the jurisdiction of the Department of Medicine and Surgery. These programs are available to any blinded veteran including veterans under chapter 31. Where necessary for a veteran under chapter 31, such services may be obtained on a contract basis from an agency in the community.

No specific provision is made in law or VA regulation for interpreter services for the deaf but, in practice, these services are provided under the same authority as reader service.

Section 1504(10)(C) provides telecommunication, sensory, and other technological aids and devices. The Rehabilitation Act of 1973 (section 130(a)(1)) specifies that these aids and devices will be provided as a vocational rehabilitation service. Chapter 31 currently contains no specific provision with regard to these aids, but they are furnished for purposes of vocational rehabilitation under the general authority in existing section 1509 of the chapter regarding the furnishing of equipment for training. When required for purposes of medical care and treatment, they are presently furnished under the authority of chapter 17 of title 38. Again, the new provisions merely codify long-standing services.

For a discussion of the intent of section 1504(11), see the analysis of section 1506 infra.

Section 1504(12) permits the Administrator to provide certain supplies to severely disabled veterans who either trained in the home or who are becoming self employed. It should be noted that these items are different from the similar items provided in section 1504(4). The latter are intended to aid the veteran to train whereas the items in clause (12) are to enable him or her to actually begin a business enterprise. It should also be noted that the items available under clause (12) are only the minimum needed for start-up and are available to only a limited category of disabled veterans. It is intended that the Administrator will, by regulation, limit the costs and restrict the scope of these items to only those most necessary.

Section 1504(13) clarifies and expands the authority for the VA to pay the transportation costs for veterans taking vocational rehabilitation training. No specific provision is made concerning transportation in chapter 31, title 38, United States Code. However, chapter 1, title 38, United States Code (section 111) specifies that the costs of the veteran's travel expenses in connection with vocational rehabilitation and the travel expenses of an attendant, if one is necessary, may be paid. Under this authority, VA regulations (38 C.F.R. 21.266, 21.267, 21.268 and 21.274) provide for payment of the cost of travel in connection with medical treatment, counseling, and certain designated limited travel to and from the place of training.

The cost of daily transportation to and from the place of training has been paid by the veteran from the monthly subsistence allowance, even if costs above normal are involved because of special transportation problems associated with the disability. The client of the State rehabilitation agency, under the Rehabilitation Act of 1973, on the other hand, may get a transportation allowance, and transportation may be paid in connection with the rendering of any vocational rehabilitation service, for example, during the job placement and initial employment stages. The Committee believes a comparable service should be available for the disabled veteran under this program to help achieve the expanded purpose of this program as defined in section 1500 of the reported bill.

The other clauses in section 1504 are merely an enumeration of some of the services presently provided under chapter 31 as "other necessary incidental services." The material in section 1504(14) on work study, for example, is currently in section 1502 and the material in section 1504(15) references the loan program currently in section 1507 (now in section 1511 of this proposal).

Subsection (b) provides a reference to the new section in title 38 which would permit those veterans who are found in need of vocational rehabilitation to train under chapter 34 and receive certain benefits under chapter 31. The basis for this provision is discussed in section 102(c) infra.

Section 1505. Duration of services

This section details the duration of time during which services will be provided. The evaluation period following counseling to determine the veteran's rehabilitation potential may not exceed 12 months. Following the veteran's introduction into a program of rehabilitation, services are limited to a basic period of 48 months. In either case, the Administrator may determine that the veteran shall be accorded services for a longer period where appropriate. The present basic period of benefits is limited to a maximum of 48 months, and there is no provision for benefits prior to a determination of feasibility to train under existing section 1503 of title 38. The present basic period can be extended under specified circumstances. The new provisions continue to permit the Administrator to grant such extensions.

Section 1506. Subsistence allowances

This section (like current section 1504) prescribes the rate of subsistence allowance payable for veterans pursuing various programs of vocational rehabilitation under chapter 31. The Committee has amended the rate table set forth in this section to include a 17 percent increase in subsistence rates payable. This reflects part of the increase in the Consumer Price Index which has occurred since the last rate increase was made by Public Law 95-202, effective October 1, 1977. In addition, two new categories have been inserted in the rate tables and certain other changes have been made.

Subsection (a) provides that subsistence allowances shall be payable during certified periods of evaluation and improvement of the veteran's potential for vocational rehabilitation and periods of training. Such allowance shall not exceed two months following the rehabilitation training program. This language is similar to that contained in current law except it provides for payment of benefits during any certified evaluation period—a period of time not included within the scope of present law.

Subsection (b) sets forth the table of rates payable for institutional, farm cooperative, on-job, unpaid on-job training or work experience in Federal agencies, and any necessary evaluation period. The first three categories are unchanged. However, as noted above, new provisions have been added to cover the two new areas involving the training period for those individuals performing unpaid on-job or work experience in the Federal Government and for the evaluation period.

Under current law, veterans may be provided unpaid training or work experience in Federal agencies when this is determined to be necessary to accomplish vocational rehabilitation. However, the law does not specify the rate of subsistence allowance to be authorized under these circumstances. Since the training is essentially of an on-job nature, it was determined these individuals should be paid the on-job rate. This does not appear to be appropriate, however, since these individuals are in an unpaid status—unlike regular on-job trainees who receive a wage while performing services. The lower rate of subsistence allowable thus serves as a deterrent for the use of this mode of training by many veterans for whom it would be very appropriate. Provision is made, therefore, for the payment to these individuals of the full-time institutional rate in lieu of the lower on-job rate.

Payment of subsistence allowance during the evaluation period (described earlier in this analysis) is also authorized.

Subsection (c) is virtually identical with current provisions of law. It requires an employer, where the program pursued is on-job training, to submit monthly statements to the Administrator showing the amount of wages being paid. This permits reduction of the subsistence allowance where determined appropriate.

Subsection (d) is similar to current law. It authorizes the Administrator to define full-time and part-time training in the case of veterans pursuing vocational rehabilitation.

Subsection (e) contains a new provision for the payment of expenses for those individuals pursuing programs of vocational training, on a residential basis, in a specialized rehabilitation facility.

The purpose of subsistence allowance under chapter 31 is to assist the veterans in meeting ordinary living expenses (food, clothing, lodging) while pursuing vocational rehabilitation. A special situation arises when the veteran is in a special rehabilitation facility for purposes of special restorative training under chapter 31. Costs in such situations are paid by the Veterans' Administration on the same basis as the costs of other training services—subsistence allowance at the institutional rate. The problem is that the cost of room and board at many of these centers providing comprehensive rehabilitation services is not comparable with costs of room and board during attendance at a regular educational institution. Thus, provision is made in the new section to authorize the Veterans' Administration to pay the total cost of the room and board which the institution provides the veteran. In addition, subsistence allowance otherwise payable to the dependents of such a veteran would also be authorized.

Subsection (f) provides that during the 2-month period following a determination that the veteran is employable, the veteran shall be paid at the full-time rate for the type of vocational training being pursued. This provision will permit those veterans who are training on less than a full-time basis to be paid the full-time rate during the period following the determination of employability. For the veteran who has been in part-time training and working concurrently, the part-time subsistence allowance is not likely to be sufficient to allow the veteran to leave the job and devote full time to looking for suitable employment in the objective for which rehabilitation has been provided. In some cases, a veteran has been in full-time training for most of the training program and then reduces to part-time training because fewer courses are needed to complete training or for other reasons. This results in a lower rate of post-training pay, thereby defeating the intent of the provision. Payment of subsistence allowance at the full-time rate in all cases appears to be the most equitable and administratively simple method of providing the assistance toward suitable employment for which post-training pay is intended.

Subsection (g) sets forth the basis for the rate to be paid trainees in the table in subsection (b) when the individual is in unpaid training in a Federal agency. The justification for this rate of payment is set forth above in the discussion of that subsection.

Subsection (h) provides that subsistence allowances may not be paid in the case of veterans pursuing vocational rehabilitation while incarcerated in a Federal, State, county, or local prison or jail.

Subsection (i) provides that the payment of subsistence allowance may be made in advance if the veteran meets the requirements of section 1780(c) (amended) of title 38. That section prescribes the appropriate procedures to be followed in applying for advance payment.

Section 1507. Counseling

This section describes the scope of counseling to be provided to the veterans. The provisions are in substance the same as those under current law with two exceptions. First, as noted previously in the discussion of section 1504(2), the counseling may include personal adjustment counseling (not presently explicitly permitted in current section 1501(2) of title 38). Second, it permits counseling for veterans found infeasible for rehabilitation, which is also not presently permitted by the statute. Family counseling, psychological counseling and employment counseling are also made explicitly available though such aid has been given to a limited extent as a part of vocational counseling under existing law. The general intent of this section is to authorize the specific type of counseling that may be required in effecting rehabilitation and not just limited to his or her educational or vocational needs, as might be inferred under current statutory authority.

Section 1508. Vocational rehabilitation plan

This section sets forth the basic requirements for a rehabilitation plan and the minimum contents of it as presently provided in VA regulations.

Under current practice, the vocational rehabilitation plan has been limited to the training services to be provided. As a result of the broadened scope of services which may be authorized under the new section 1502 of the reported bill, all of these services necessary for the veteran's rehabilitation will be included, rather than only training.

An individual written program is not specifically required by current chapter 31, but is required by VA regulation (38 C.F.R. 21.212). The plan is detailed, showing the objective to be attained, the type of training to be pursued, the component elements of the training, their duration, etc. Under mandatory VA Procedures (M22-1, Part II, chapter 3), the veteran is given a copy of the program, and it may be reviewed from time to time in the course of the vocational rehabilitation specialist's periodic contact with the veteran during training.

Section 1502 of title 38 currently provides that the veteran will be furnished such vocational rehabilitation as may be prescribed by the Administrator, but the process by which a veteran's program is developed is not one of "prescription," the VA maintains. The veteran has the opportunity for full participation in the planning and decision process. The program may be said to be "prescribed" only in the sense that the VA approval under chapter 31 will not be given to a program that is not judged by VA rehabilitation staff to hold reasonable promise of rendering the veteran suitably employable. When differences arise that cannot be resolved, the veteran has the right of appeal to the Board of Veterans' Appeals, which veterans object to because of the lengthy process of obtaining a final decision. The Committee hopes that new subsection 1504(3), which makes explicit the present practice of providing a plan and emphasizes the veteran's need to have a voice in its determination, will reduce appeals of differences on a rehabilitation plan to a minimum.

Section 1509. Leaves of absence

This section defines the Administrator's authority in reference to leaves of absence. The new provisions permit the Administrator to have broader discretion in continuing benefits to the disabled veteran during periods of nontraining than the current provisions found in section 1505 of title 38. The latter section limits such leave to no more than 30 days in one 12-month period. The new provisions recognize that in some cases that limit is too restrictive, such as when the severely disabled veteran is too ill to train temporarily. However, the Committee expects the VA to closely monitor this new authority to assure it is not abused.

Section 1510. Regulations to promote satisfactory conduct and cooperation

This section defines the rule to be applied as to the veteran's satisfactory progress and conduct. Existing chapter 31 contains no provision regarding unsatisfactory progress, but does provide (section 1508) that the veteran must adhere to rules and regulations promulgated by the Administrator to promote good conduct and cooperation on the part of trainees. It further provides that in the event of breach of such rules and regulations, the trainee may be required to forfeit 3 months of subsistence allowance otherwise payable or be permanently disqualified for further vocational rehabilitation.

Existing section 1508 penalties for unsatisfactory conduct and cooperation are harsher than those in chapters 34 or 35 of title 38, and thus should be modified. The forfeiture of 3 months of subsistence allowance, though intended as a lesser penalty than discontinuance of training, in reality may often be tantamount to the latter, because the resulting economic hardship on the veteran makes it impossible for him or her to remain in training. Permanent disqualification from vocational rehabilitation on the basis of unsatisfactory conduct or lack of cooperation has no counterpart in chapter 34 or chapter 35. Accordingly, as in the case of the latter chapters, chapter 31 is amended to allow for reentrance into training on elimination of the unsatisfactory conduct or lack of cooperation. The revised section 1510 removes this objectionable penalty and places the determination for discontinuance of benefits in the hands of the Administrator.

Section 1511. Revolving fund loans

This section replaces existing section 1507 regarding revolving fund loans and increases the amount of such loans to $400. Experience indicates that the chapter 31 veteran sometimes has economic problems in regard to maintenance while in training. The number of loans made from the revolving loan fund increased 50 percent (from 3,785 to 5,722) during the period 1972–77, while the number of chapter 31 trainees during that period increased only 5 percent (from 31,635 to 33,231). There is reason to believe that, had it not been for money stringencies affecting the resources in the fund, the number of loans made in 1977 might have been even greater. And, as reported by field stations, the $200 maximum loan is frequently not enough to meet the student's need.

Increasing the maximum amount of loan from the revolving fund will help to ameliorate financial problems in some cases.

Section 1512. Vocational rehabilitation for hospitalized members of the Armed Forces and veterans

This section concerns vocational rehabilitation of persons hospitalized pending final discharge from the Armed Services and those hospitalized elsewhere after discharge. The provisions of subsection (a) are substantially the same as those found in existing section 1510 of title 38. Subsection (b) merely codifies long-standing VA practice as to beginning the vocational rehabilitative process while the veteran is still hospitalized for the disabilities and now permits this subsistence allowance to be given regardless of whether the hospital is VA or otherwise.

Section 1513. Training outside the United States

This section revises the rules regarding training outside the United States. Section 1502(c) currently provides that vocational rehabilitation may not be afforded outside of a State to a veteran on account of post-World War II service if the veteran, at the time of such service, was not a citizen of the United States. Since the only exclusion specified is post-World War II, noncitizen, the intent appears to be that training outside of a State may be authorized for all others; that is, post-World War II citizen, World War II citizen, and World War II noncitizen. However, VA regulation, 38 C.F.R. 21.20(c) further limits the availability of chapter 31 training in a foreign country other than the Philippines by specifying that such training may be authorized only if adequate training for the selected objective is not available in the United States or its possessions and if training is pursued under the direct supervision of a representative of the VA.

This regulatory restriction on foreign training is based on the fact that with few exceptions the training needs of veterans can be met in this country, and on the VA determination that the VA must be in a position to furnish assistance and monitor progress during the period of rehabilitation training. While the latter principle is sound, it has essentially ruled out the possibility of foreign training because the VA has no offices in foreign countries (other than the Philippines). The VA alleges this is a troublesome issue because, as the number of Americans training abroad has increased, an increasing (though small) number of chapter 31 veterans has requested approval to study outside the United States. There may be cases that are meritorious, as in the case of an archeology student or students in certain specialized art fields. In such cases, if foreign training is considered appropriate, the VA is authorized to make arrangements through contract or otherwise for the necessary training assistance and supervision. Consequently, new section 1513 removes the restrictions noted above and gives the Administrator greater flexibility in meeting the veteran's legitimate rehabilitation needs. The VA is cautioned that implementing this section will not open the door for abuses and should be used very sparingly.

Section 1514. Unpaid training and work experience

This section restates and modifies the rules found in existing section 1511 of chapter 31, whereby veterans may be provided unpaid training or work experience in Federal agencies when this is determined to be necessary to accomplish vocational rehabilitation. However, the law does not specify the rate of subsistence to be authorized under this circumstance. In the absence of such specification, the VA by policy (DVB Circular 20-77-43) has determined that, under present law, the on-job training subsistence allowance rate must be paid, since the training is essentially of an on-job nature. However, it is maintained this is inadequate because the amount of subsistence allowance established by law for regular on-job training is intended to cover situations where the trainee is also getting a wage from the employer.

As such, the current rate is lower than the institutional rate. VA counseling and rehabilitation staff report the low rate of subsistence currently authorized for nonpay Federal agency training is a deterrent to use of this mode of training by veterans for whom it would be very appropriate, particularly since it offers the advantage of noncompetitive appointment to a Federal position. The Committee believes the revised provisions of new section 1514 and the provision in section 1506(g) discussed previously will provide an additional incentive for veterans to take nonpay Federal positions under this program when appropriate by providing that persons so training may be paid at full-time institutional rates.

Section 1515. Rehabilitation resources

This section is a restatement of the balance of the provisions presently found in section 1511 of title 38. Subsection (a), while similar in nature to existing subsection 1511(1)-(5), is somewhat broader in that the language intends to convey discretionary authority to the Administrator to utilize all appropriate resources, including VA staff and other resources, private sector resources, and services of Federal-State organizations. The latter resources are not specifically mentioned in current law. The Committee makes explicit in subsection (b) the longstanding VA practice which is to have the Administrator approve the training courses.

Section 1516. Development of employment and on-job training opportunities

This section provides that the Administrator shall assist in the development of on-job training opportunities for veterans. To that end, the VA may make incentive payments to employers to induce them to create more such opportunities. No such authority presently exists in chapter 31 for undertaking such programs.

Section 304(d) of the Rehabilitation Act of 1973 provides for the Secretary, Department of Education, to make contracts or jointly financed arrangements with employers and organizations to establish projects designed to prepare handicapped persons, especially the severely handicapped, for employment in the competitive labor market. Under these arrangements, handicapped individuals are provided training and employment in a realistic work setting. Individuals are provided necessary restorative services and training in skills required by a particular industry, and it is expected that upon completion of training they will be employed within that industry.

This type of contractual arrangement with employers provides an opportunity for expanding on-job training (and employment) possibilities and represents one form of arrangement for paying employers for the reasonable costs of such training. Since group training arrangements are not feasible for use in the veterans vocational rehabilitation program to the same extent as in the much larger State-Federal program, the Committee believes the authority to make such arrangements, where feasible, should be available to the VA.

Section 1517. Employment assistance

This section provides new authority in the Veterans' Administration. In keeping with the expanded concept of the role of rehabilitation for the service disabled, it is necessary to give the Administrator an active role in the employment area in conjunction with the Department of Labor.

Vocational rehabilitation is not accomplished until the veteran has become a satisfactory and satisfied employee in a suitable occupation. Given the continuing high rates of unemployment, disabled veterans need all possible help in obtaining suitable jobs. Rehabilitation staff who have worked with the disabled veteran throughout the rehabilitation process are in the best position to serve as his or her advocate with prospective employers and to ensure proper selective placement in a suitable job.

The overriding consideration remains that employment placement and adjustment services are integral functions of rehabilitation and, as such, are the responsibility of the rehabilitation agency. The VA, in discharging this responsibility, should utilize all available job placement resources in a comprehensive effort on behalf of the client and should carry out its job development and placement activities in a coordinated effort with other concerned agencies, especially the Rehabilitation Services Administration of the Department of Education, the Veterans Employment Service of the Department of Labor, the State employment services, and the U.S. Office of Personnel Management. The Committee emphasizes, however, that the VA is the agency held accountable for the implementation of this section regardless of the difficulty in finding suitable employment for the veteran.

Section 1518. Staff training and development

This section provides explicit authority to the VA to devote resources to vocational rehabilitation staff training and development.

Staff development for VA counseling and rehabilitation staff should be expanded to ensure that the practices and methods utilized in the veterans' vocational rehabilitation program are in accord with modern concepts and advanced knowledge in the field of rehabilitation. In this connection, in order to supplement the limited authority of the Government Employees' Training Act, the Administrator is authorized to make grants to and contract with public or nonprofit agencies (including institutions of higher learning) to conduct training sessions. It is intended that there be cooperation between the VA and the State-Federal program in planning and carrying out staff training in areas of joint program concern.

Section 1519. Rehabilitation research and special projects

This section expands the Administrator's authority to engage in rehabilitation research and special projects. Under section 304(b)(2) of the Rehabilitation Act of 1973, grants may be made for the purpose of paying all or part of the cost of special projects and demonstrations, research and evaluation in connection with special projects and demonstrations for applying new types of patterns of services or devices, including opportunities for new careers for handicapped individuals. No special project grants are available under existing chapter 31.

The initial Rehabilitation Services Administration special projects focused primarily on the following target populations: The older blind, the deaf who have not achieved their maximum vocational potential, and people with spinal cord injuries. The basic purpose of this category of RSA grants is to expand or otherwise improve vocational rehabilitation services for groups of severely handicapped persons. In view of these RSA grants, separate projects of this kind on behalf of veterans are not considered necessary, but a need for authority to make grants in other areas of value in veteran rehabilitation, such as handicaps traceable to disabilities caused by combat or service in Southeast Asia, is recognized by this new provision.

Section 1520. Veterans' Advisory Committee on Rehabilitation

Section 1520 of the bill authorizes a VA advisory committee expressly concerned with the rehabilitation needs of veterans. An advisory committee concerning strictly the issue of rehabilitaton will ensure that the quality of rehabilitation services within the Veterans' Administration is constantly under review and should reduce the need for future studies of this program. The advisory committee will draw from the fields of vocational, physical, and psychological rehabilitation, and provide significant advice on methods to bring all these activities into a closer working relationship for more effective service to the veteran.

The advisory committee will provide an annual report on the rehabilitation activities of the Veterans' Administration which shall include an assessment of the rehabilitation needs of veterans and a review of the agency plans to meet these needs.

Subsection (b) of section 101 is technical in nature and merely makes a necessary correction in the table of chapters at the beginning of title 38 and of the part III to reflect the changed heading.

Section 102(a) would amend section 1795 of title 38 to provide that limitations on periods of educational assistance under two or more VA programs shall include chapter 32. In addition, the proposed revision limits the furnishing of benefits under other educational programs together with assistance under chapter 31 to a total of 48 months unless the Administrator determines that additional months of benefits under chapter 31 are required to accomplish the purposes of vocational rehabilitation under that chapter. A veteran could have a service-connected disability which is compensable, but does not present him or her with any employment handicap, and the individual trains, for example, under chapter 34 for 36 months. In subsequent years, the veteran's disability develops to a stage where the veteran is unable to remain employed. Such a veteran, under this provision, could be granted additional months of training under chapter 31 for a minimum of 12 months or for a longer period of time if the Administrator determines in this particular instance that further chapter 31 training is required to aid this veteran.

Current section 1795 limits total entitlement accorded a person eligible under two or more VA educational programs to 48 months. However, clause (4), which was enacted earlier, fails to include the new chapter 32 program in this limitation. Thus, a veteran eligible for 36 months of benefits under chapter 32 could, under current law, if eligible, receive an additional 48 months of benefits under current chapter 31 or 45 months under chapter 35. The amendment, thus, includes chapter 32 to make it consistent with congressional intent to restrict multiple benefits.

Subsection (b) would amend section 1631(a)(1) to reiterate the change in chapter 32 accomplished by subsection (a) and discussed in the analysis of that section. The effect is to include the contributory program in the overall limitation of 48 months (except chapter 31 under conditions also outlined in subsection (a)) where the individual is eligible under multiple VA education programs.

Subsection (c) amends chapter 34 of title 38 to add a new section 1687. This new section has the effect of permitting a veteran with a compensable service connected disability, who is training under chapter 34, to receive certain vocational rehabilitation services authorized under chapter 31. That individual must be found in need of vocational rehabilitation, however, and must have an approved vocational rehabilitation plan. The individual would, subject to the normal limitations of chapter 34, receive monetary benefits at the higher chapter 34 rates prescribed in section 1682 of title 38. This will have the effect of removing the present disincentive to utilizing the rehabilitation services provided under chapter 31.

The vocational rehabilitation study conducted by the VA (H. Comm. Print No. 167, 95th Cong.) indicated that many disabled veterans attending State funded schools, where tuition and fees are fairly low and are, therefore, not a real factor, elect to train under the chapter 34 program because the assistance rate payable is higher even though they *must pay their own tuition and fees. This has the effect of denying* them the additional services provided to a chapter 31 trainee. To ensure that all compensable service-disabled veterans with an employment handicap receive such services, especially the seriously disabled, the reported bill changes current authority to permit such veterans to be eligible for services provided under chapter 31 while training under chapter 34.

This new section would also allow such veterans to be considered as pursuing a vocational rehabilitation program under chapter 31 of title 38 and thereby be eligible for such programs as the Targeted Jobs Tax Credit program.

Subsection (d) would amend section 1781 of title 38 to bar the receipt of subsistence allowance under chapter 31 concurrently with active duty service or while training under the Government Employees' Training Act. This is consistent with the limitations imposed in other education programs to bar the double payment.

TITLE II—GI BILL RATE INCREASE

Section 201(a) would amend section 1682(a)(1) of title 38 to provide a 10 percent rate increase for veterans pursuing institutional and cooperative training programs.

Subsection (b) would amend section 1682(b) of title 38 to provide that the maximum established monthly rate for payment of tuition and fees for pursuit of courses while on active duty or on less than a half-time basis would be set at $342—a 10 percent increase over the present limit.

Subsection (c) would amend section 1682(c)(2) of title 38 to provide a 10 percent rate increase for veterans pursuing farm cooperative training.

Subsection (d) would amend section 1692(b) of title 38 to provide a 10 percent increase in the rate payable to veterans for tutoring, including a 10 percent increase in the maximum allowable for such services.

Section 202(a) would amend section 1732(b) of title 38 to provide a 10 percent increase in the monthly assistance rate payable to dependents pursuing cooperative training.

Subsection (b) would amend section 1742(a) to provide a 10 percent increase in the monthly allowance for dependents pursuing programs of special restorative training.

Section 203(a) would amend section 1774(b) of title 38 to provide a 10 percent increase in the formula upon which the allowance for administrative expenses incurred by State approving agencies for services performed by the Veterans' Administration is based.

Subsection (b) would amend section 1787(b)(1) of title 38 to provide a 10 percent increase in the monthly rate of training allowance for veterans and dependents pursuing on-job and apprentice training programs.

Subsection (c) would amend section 1798(b)(3) of title 38 to increase by 10 percent the aggregate amount a veteran may borrow under the VA education loan program although the yearly maximum of $2,500 would be retained.

TITLE III—EDUCATIONAL ASSISTANCE PROGRAM AMENDMENTS

Part A—Educational assistance for veterans

Section 301 would amend section 1671 of title 38 to include express authority to disapprove an application for benefits filed by a veteran or serviceperson if enrollment would be precluded under any of the provisions of chapter 36 of title 38.

Section 1671 currently provides, in part, that the Administrator shall approve an application for educational assistance benefits unless the veteran or person is not eligible for, or entitled to, such assistance; the program of education selected fails to meet any of the requirements of chapter 34 of title 38; or the veteran or serviceperson is already qualified. Although the Veterans' Administration is of the view that the Administrator has the authority to disapprove an application based on an enrollment precluded under chapter 36 (e.g. 38 U.S.C. 1789, 1790, and 1791), the amendment here would clarify and expressly codify such authority.

The proposed change provides logical consistency as between the chapter 34 and chapter 36 provisions.

Section 302 would amend section 1673(a) of title 38 to eliminate continued reporting under the so-called 50 percent employment requirement by schools to justify their having met this requirement, provided they have 35 percent or less veteran-dependent enrollment and can show a history of compliance with the employment requirement for any two consecutive reporting periods.

Section 303 would amend section 1673(c) of title 38 concerning the payment of educational benefits where a course is pursued by open circuit television. Under current law, the VA may not pay an educational assistance allowance for pursuit of such a course unless the open circuit television training is an integral part of a residence course leading to a standard college degree and the major portion of the course requires conventional classroom or laboratory attendance. While the legislative history indicates that Congress did not intend to permit payment for the television portion of such a course if the television portion was equal to or greater than the residence portion, the Committee has been advised that the Veterans' Administration has been paying for the television portion equivalent to 1 credit hour less than the residence portion. The allowance for the combination has been computed the same as the independent study-resident study combination allowed under section 1682(e) of title 38. We believe this is appropriate since many independent study courses rely heavily on open circuit television training.

The proposed change in the reported bill specifies that regardless of how the open circuit television portion of the course is approved, i.e., part of a residence course or part of an independent study course, (1) payment can be made even if the television training predominates, and (2) the method of computation is the same in both cases. This avoids inequities by ensuring that similar training would be paid for in a uniform manner and ratifies a policy that the VA has established and used for some time.

Section 304 would amend section 1673(d) of title 38 to eliminate the computing of certain individuals in connection with the so-called 85–15 enrollment requirement contained in that section of law.

Public Law 94–502 amended section 1673(d) to provide that the Administrator of Veterans' Affairs shall not approve the enrollment of any eligible veteran, not already enrolled, in any course other than one offered pursuant to subchapter V of chapter 34 (educationally disadvantaged veterans), any farm cooperative training course, or any course described in section 1789(b)(6) of title 38 (courses offered on military bases) for any period during which the Administrator finds that more than 85 percent of the students enrolled in the course are having all or part of their tuition, fees, or other charges paid to or for them by the educational institution, by the Veterans' Administration under title 38, or by grants from any Federal agency. The Administrator may, under the law, waive such requirements in whole or in part if the Administrator determines it to be in the interest of the eligible veteran and the Federal Government.

Additional provisions (added by Public Law 95–202) state that 1673(d) shall not apply to any course offered by an educational institution if the total number of veterans and persons receiving assistance under chapters 31, 32, 34, 35, or 36 of title 38 and enrolled in the institution equals 35 percent or less of the total student enrollment at the institution, except that the Administrator may apply the provisions of the law in cases where there is reason to believe that the enrollment of such veterans and persons may be in excess of 85 percent of the total student enrollment in a course.

Previously, funds received from Federal agencies other than the VA were not factors in making the required computation. Since the enactment of Public Law 94–502, numerous educational organizations and institutions have informed the Congress of what they perceive to be the burdensome effects of the inclusion of Federal grant recipients in the 85–15 ratio computation. These criticisms have continued despite the permanent waiver by the Veterans' Administration of the requirement to include all Federal grant recipients, with the exception of the Basic Educational Opportunity Grant (BEOG) recipients and Supplemental Educational Opportunity Grant (SEOG) recipients, and the temporary waiver by the Veterans' Administration of the requirement to include BEOG and SEOG recipients.

During June 1977 Congressional hearings, representatives of the Veterans' Administration were asked if it would be disadvantageous to the Veterans' Administration's efforts in curbing abuses to eliminate from the computation of the 85–15 ratio the inclusion of the BEOG and SEOG recipients by legislation rather than through regulation. The Veterans' Administration officials responded that the Congress might wish to examine the implications of such a move. The VA was, therefore, directed (section 305(a)(3) of Public Law 95–202) to conduct a study of the effects of the requirements. The results of this study were made available to the Congress on November 16, 1978 ("The Necessity and Desirability of Including Recipients of Federal Grants Other Than From the Veterans' Administration in the 85–15 Ratio Computation"; House Committee Print No. 168, 95th Congress).

This study concluded that:

(1) Prior to the change in the law requiring the inclusion of BEOG and SEOG recipients in the 85–15 ratio computations, the 85–15 ratio requirements were generally effective in preventing abuses found in schools with all-veteran and all-eligible person enrollments;

(2) A significant number of educational institutions do not have the administrative capability to report the ratio with BEOG and SEOG students included; and

(3) The integrity of the program could be maintained without inclusion of BEOG and SEOG students.

Based upon these findings, the study recommended that the law be amended to rescind the requirement that recipients of BEOG or SEOG benefits shall be considered in computing 85–15 ratios. The Committee has included this recommendation in the reported bill.

Section 305 would amend section 1674 of title 38 by removing the provision linking satisfactory progress with course completion time.

The statutory standard for satisfactory progress contained in section 1674 has proved unworkable. It has imposed significant administrative burdens on schools, led to some anomalous and unjust results for students (requiring exercise of VA discretionary waiver authority), and has been a source of friction between the VA and the collegiate educational community.

The wisdom of having separate standards of progress for veterans is questionable. Such standards are not only burdensome, but also may appear discriminatory. On balance, it is believed it is preferable to rely on school standards applicable to all students, provided such standards are enforced.

Sections 1775 and 1776, as amended by Public Law 94–502, require that schools have, publish, and enforce standards of progress in order for the courses to be approved. Further, section 1780(a)(4) now prohibits payment of educational assistance for pursuit of a course not counted toward graduation requirements. These provisions, when coupled with effective oversight by the State Approving Agencies and the VA, should substantially reduce abuses related to standards of progress. Clearly, such provisions will not tolerate school standards of progress which permit retention of a student whose record reflects only failing grades.

The VA has informed the Committee that the published standards of progress of most accredited colleges and universities, together with the mentioned provisions of section 1775, 1776(b)(6) and (7), and 1780(a)(4), should be sufficient to avoid abuse. Consequently, the Committee has included the recommendation that the completion time standard of section 1674 be deleted.

This amendment is consistent with the findings, conclusions, and recommendations contained in the study required by section 305 of Public Law 95–202 entitled "Progress or Abuse—A Choice." This study investigated the need for legislative and adminstrative actions regarding standards of progress provisions of the GI Bill and class session requirements of the Veterans' Administration regulations, and was transmitted to the Congress on December 6, 1978 (House Committee Print No. 170, 95th Congress).

Section 306 proposes a restructuring of section 1676 of title 38. The change clarifies the requirements under which foreign training may be pursued.

Current law (38 U.S.C. 1676) provides that an eligible veteran may pursue a program of education at an educational institution not located in a State only if such institution is an approved institution of higher learning. However, the statutory definition of the term "institution of higher learning" (38 U.S.C. 1652(f)) does not embrace schools located in a foreign country. Rather, it refers to schools empowered by State educational authority under State law to grant a degree or, when no such law exists, schools accredited for degree programs by a recognized accrediting agency.

In order to correct this inconsistency (an apparent oversight when the definition of "institution of higher learning" was added by Public Law 94–502 § 202), the amendment clarifies, in subsection (a), the nature of the foreign course enrollment permitted. The change allows enrollment only in a foreign school which is recognized to be comparable essentially to a fully recognized degree-granting institution by the appropriate foreign education authority, and is approved by the Administrator. This would be consistent with the Administrator's statutory responsibility for approving courses offered by such institutions (38 U.S.C. 1772(b)).

In some cases, eligible veterans may have been unable to use their educational benefit entitlement because they resided in a foreign country or because they wanted to pursue a college level program of education not leading to a standard college degree which was available only at an educational institution located in a foreign country. The proposed change would allow relaxation of the foreign training restriction to permit receipt of educational benefits in those institutions recognized by the foreign government's commissioner of education (or the equivalent) as being equatable to a standard college degree course, and is approved by the Administrator.

Subsection (b) contains the existing provision of section 1676 which gives the Administrator discretionary authority to deny or discontinue the educational benefits of an eligible veteran enrolled in a foreign educational institution when such enrollment is found not to be in the best interest of the veteran or the Federal Government.

Section 307 would amend section 1682(d) to permit payment of educational assistance to otherwise eligible veterans for continuing education required by Federal, State or municipal law for relicensure or continued employment.

Currently, section 1671 of title 38 prohibits approval of educational assistance for any program for which the veteran is already qualified. However, according to testimony received by the Committee, persons increasingly are being denied employment or are prevented from attaining relicensure in various occupations unless they take specified courses. For example, continuing education is now being emphasized in a number of professions, most notably the medical and legal professions.

Subsection (d) would also be amended to reflect that payment for the continuing education authorized by the previous clause shall be at the same rate as is applicable to the pursuit of refresher training.

Section 308 would add a new subsection (f) to section 1682 to provide a method of payment of benefits where a veteran is pursuing a program of education in part by open circuit television. The change would carry out the change in approval of such training set forth in section 1673(c) which is discussed above in section 303.

If the course consists of a combination of open circuit television training and residence training, the manner in which payment of benefits shall be computed is the same as programs in which the training is partly independent study and partly residence training. Thus, if the majority of the course is by open circuit television, or if the two portions are equal, the credit assigned for the open circuit portion is to be reduced to one less than the credit for the residence portion. The two portions are then combined and benefits are computed in the usual manner as for residence training. If, on the other hand, the open circuit portion is less than the residence portion, the credit hours of each are merely combined and benefits are computed for the combined credit hour load as though the entire course were residence training.

Section 309 would amend section 1692(b) of title 38 to bar payment of tutorial assistance to an eligible veteran where the tutoring is performed by a close family member. The purpose of providing tutorial assistance to the veteran is to permit him or her to meet the financial obligations incurred for necessary tutorial services. The personal services of a close family member generally do not constitute a legal monetary obligation. Thus, the payment of tutorial assistance under these circumstances is tantamount to supplementing the income of the veteran's family. Veterans' Administration audits have revealed several instances where the tutors selected to provide assistance have been the veterans' wives and husbands. In one case, a veteran's wife (herself a veteran) tutored her husband at the same time she was receiving tutorial assistance for the same course. The proposed change would serve to discourage abuses of the tutorial assistance program which have occurred.

Part B—Educational assistance for dependents and survivors

Section 311 [subsections (a), (b) and (c)] is designed to eliminate required counseling for children eligible to receive education benefits pursuant to the Survivors' and Dependents' Educational Assistance program. It is also designed to eliminate references to provisional approval of an application for benefits which are not needed. The need for VA educational or vocational counseling to assist an eligible child to select a program of education is no longer a primary VA function. Today, students have testing and counseling services available in high schools. Many State and local governments operate community social service agencies offering vocational guidance and testing services to the general public. As a consequence, many eligible children have already undergone vocational counseling. However, the Administrator would still be permitted to provide counseling where deemed appropriate.

Section 312 would amend section 1721 of title 38 to clarify and expressly codify the Administrator's longstanding authority to disapprove an eligible person's application under chapter 35 if enrollment would be precluded under any of the provisions of chapter 36. A similar amendment to section 1671, for veterans training under chapter 34, is provided in section 301.

Section 313 would amend section 1723(a) to make the same change in the 50 percent employment requirements applicable to veterans as set forth in section 302 to eligibles training under chapter 35.

Section 314 would amend section 1723(c) of title 38 to make similar changes in the law concerning pursuit of courses by open circuit television to those applicable to veterans as provided in section 303.

Section 315 would amend section 1723 of title 38 to add a new subsection (e) containing provisions relative to the approval of the pursuit of foreign training by an eligible person. These would be in line with those set forth for veterans in section 306 discussed earlier.

Section 316 would amend section 1724 of title 38 by deleting the statutory definition of what constitutes unsatisfactory progress. This change in the standards of progress requirements for eligible persons under chapter 35 is similar to the proposed amendment to section 1674 of title 38 governing veterans training under chapter 34. The rationale for the change to section 1724 is the same as for the change to section 1674 discussed in the analysis of section 305.

Section 317 would amend section 1731 of title 38 to make chapter 35 educational assistance payment requirements conform with those of chapter 34. The proposed change amends section 1731(a) to show that not every eligible person must have a guardian and that payment may be made directly to the eligible person whether that person is the child or spouse of the veteran. Secondly, the change replaces the present language of section 1731(b) with language similar to that found in section 1681(b) governing payment of educational assistance to eligible veterans.

Current law (section 1731(a)) authorizes the Veterans' Administration to make advance payments of educational assistance allowance to eligible persons training under chapter 35 provided the requirements of 38 U.S.C. 1780 are met. However, section 1731(b) bars the payment of benefits to eligible persons pursuing courses not leading to a standard college degree for any period until the Administrator receives certifications from the person and the school as to the individual's enrollment in and pursuit of the course of education during the period for which payment is to be made.

Whatever justification there may have been for these seemingly inconsistent provisions no longer exists. Eligible persons under chapter 35 share with eligible veterans under chapter 34 the same needs which the advance payment statute was expressly designed to meet. Moreover, the Committee believes there is no greater abuse potential by the former than by the latter. Administrative control is assured, in any case, since the Administrator has authority under redesignated section 1780(f) to set requirements for certification of attendance and pursuit and to withhold payment until such justification is received.

Thus, the amendment would equalize treatment of eligible veterans and eligible persons. It would also reduce the burden on schools and the Veterans' Administration in processing certifications of attendance and pursuit.

Section 318 would amend section 1732(c) of title 38 to incorporate into the chapter 35 program the same provisions on payment of open circuit television training as are provided for veterans in the proposed amendment to section 1682 which is discussed in section 303.

Part C—Amendments Relating to Administration of Educational Benefits

Section 321 would amend section 1780(a) of title 38 to make three changes. The basic purpose of these changes is to clarify the period of pursuit for which educational assistance is payable and the Administrator's authority to determine the type, character and extent of pursuit of any program of education for which the eligible veteran or person receives an educational assistance allowance.

The first change to be proposed in clause (1) of the subsection restores language which appeared in the statute prior to its amendment by Public Law 92-540 in 1972. Prior to that time, separate sections pertaining to measurement were located in both chapters 34 and 35. In the 1972 enactment, the two provisions were consolidated into one section which was then placed in chapter 36 of title 38, chapter previously reserved for administrative provisions. In the consolidation, the words "and pursuit" were dropped from the language. This change will restore the omitted words and assure that students are paid only during periods of actual pursuit of training subject, of course, to the specific exceptions provided in paragraphs (A), (B), and (C) of subsection (a).

The second change to clause (1) of subsection (a) of the section is intended to clarify and emphasize that no educational assistance allowance shall be provided to an eligible veteran or person for any period for which the Administrator determines, pursuant to regulations promulgated under redesignated section 1780(f) of this title, that the individual is not pursuing his or her course.

The third change proposed interrelates with the two previously proposed changes. The purpose is to codify VA regulations and the practice that benefits are paid only for actual course pursuit. Although these practices have been challenged, the Committee takes note of *Wayne State* v. *Cleland* (590 F.2d 627) which has confirmed the VA's traditional authority to determine the nature and extent of course pursuit for which benefits are payable. In light of this longstanding authority, the regulations are codified in this proposed change in the reported bill. Thus, for example, when a unit subject requires pursuit on an accelerated basis for a few days during only 2 weeks of a 10-13 week quarter, and the school, for administrative purposes, considers the enrollment period for such subject to be the entire quarter, the period of benefit payment, nevertheless, shall be limited to the 2-week period of actual required pursuit.

This section would also amend redesignated section 1780(f) of title 38 to emphasize further the authority of the Administrator to define, for payment purposes, the enrollment in, pursuit of, and attendance at programs of education.

While the Veterans' Administration has no authority to regulate the policies and regulations established by an educational institution for its own purposes, it clearly has both the authority and the obligation to define and determine the course enrollment, pursuit, and attendance consistent with Congressional intent concerning the circumstances under which educational benefits may be paid.

Section 322 would amend section 1784 of title 38 to require educational institutions to report facts of which they have knowledge, or of which they, through the exercise of reasonable diligence, should know, which indicate that the course of the school does not comply with the requirements of chapters 34, 35, or 36 of title 38.

Under the existing provisions of section 1785 of title 38, a school may only be held liable for overpayments if the overpayment results from willful or negligent failure to report or from a false report. Most VA reports relate to the facts of the particular veteran or eligible person.

In some cases payments are made by the VA based upon an erroneous belief that the school and the course are in compliance with the law. Not all such violations of the law are specifically reportable to the VA. They may only be an implied part of the certification as to the student. Thus, a school could make enrollment reports that are technically accurate, yet the veteran or eligible person should not have been paid because the school or the course does not meet the legal requirements of chapters 34, 35, or 36. The Committee has included this provision, therefore, to make it clear that if the school knew, or should have known, of the defect, it should be, consistent with the congressional intent of section 1785, liable to the VA for the overpayments unless it makes the facts known to the VA.

The section is also amended to indicate that veterans and eligible persons shall report changes in status. The reason for this change is more fully explained in connection with the explanation to section 602(e) below. The table of sections is amended to reflect the revised heading.

Section 323 amends section 1788 of title 38 to codify and clarify the full-time measurement standard embodied in clause (4) of subsection (a) and the category of courses which such standard is intended to embrace.

The amendment limits the application of section 1788(a)(4) to those undergraduate collegiate degree courses pursued in residence on a standard quarter- or semester-hour basis. The term "in residence on a standard quarter- or semester-hour basis" is expressly defined in the amendment requiring pursuit of regularly scheduled weekly class instruction on campus at the rate of one standard class session per week throughout the semester for one semester hour of credit. This standard traditionally has been followed by the majority of collegiate institutions and remains the generally accepted quantitative measure of course pursuit.

The Congress recognized this tradition when it first established the minimum credit load to be considered full-time pursuit for VA educational benefit purposes. Since it was commonly accepted that each collegiate hour of credit required 1 hour of class and 2 hours of outside preparation each week, the time, resources, and energy required of the student pursuing 14 semester hours warranted the full-time assistance allowance provided. Moreover, such application of time toward educational pursuit roughly equaled that of the full-time student pursuing other forms of training. Thus, a 14 semester hour minimum for full-time not only was consistent with full-time measurement standards in the collegiate community generally, but also was on a par with the pursuit required of noncollege course students for full-time benefits.

The Congress subsequently liberalized the minimum credit load which could be considered full-time in certain circumstances to less than 14 but not less than 12 semester hours or the equivalent. This was done in recognition of a substantial change in certain college enrollment practices and veteran needs. It is important to note, however, that this limited statutory acceptance of a lesser number of credits considered full-time did not affect the character or extent of pursuit which the Congress expected such credits to represent.

The Congress intended that the term "semester-hour" as used in the statute be construed in its traditional sense. And, since the enactment of the Korean conflict GI Bill, the Veterans' Administration has consistently interpreted and implemented the statutory course measurement provisions for institutional undergraduate courses offered on a quarter- or semester-hour basis in this manner.

However, some within the educational community recently have challenged the VA Administrator's authority to apply the traditional credit-hour measurement standard to "nontraditional" courses which they claim have been structured to meet the special needs of their student population. These schools contend that section 1788(a)(4) requires that the VA pay full-time educational assistance allowance when the school, not the VA, determines that the veteran is a full-time student. They complain that the VA has ignored innovations in educational approach and has unlawfully intruded into their academic affairs. A few have gone to court to prevent the VA from implementing any class session requirements.

It should be emphasized that the VA has not imposed and has stated it has no intention of imposing its determination of what constitutes full-time training on any school. The Committee affirms the longstanding policy that the VA does, however, have both the right and the responsibility to determine the proper statutory rate of benefits which the Congress intended would be paid a veteran based on the nature and extent of such veteran's pursuit of an approved program of education.

Further, the Congress has taken notice of certain "nontraditional" approaches to education. The Congress, for example, has expressly recognized independent study programs and enacted special provisions governing the rate of educational assistance payable for pursuit of such courses (38 U.S.C. 1682(e)).

The Administrator's interpretation and implementation of section 1788(a)(4) were recently confirmed in the case of *Wayne State University* v. *Cleland;* 440 F. Supp. 811 (E. D. Mich. 1977), rev'd and remand'd, 590 F.2d 627 (6th Cir. 1978) as well as the Kirkwood Community College case (*Merged Area* (*Education*) *X* v. *Cleland*, No. C 78-46 (N. D. Iowa 1978), rev'd and remand'd, 604 F.2d 1075 (8th Cir. 1979). Although these decisions by the Sixth and Eighth Circuits establish a strong precedent, the Committee believes that a statutory codification of the VA's longstanding policies and practices in determining such course measurement will ensure nationwide uniformity of application and eliminate any further misunderstanding.

This section also amends section 1788(a) of title 38 to clarify that the provisions of clauses (1) and (2) thereof which reduce the number of clock hours of attendance required for payment of full-time benefits in the case of courses "approved pursuant to section 1775 of this title" are limited to courses accredited by nationally recognized accrediting agencies.

The legislative history of both section 509 of Public Law 94-502 and section 304 of Public Law 95-202 clearly shows that the Congress, in enacting the mentioned liberalized measurement provisions, intended to limit such measurement to approvals under section 1775(a)(1); i.e., courses accredited and approved by a nationally recognized accrediting agency or association.

Section 324 would amend section 1780(a)(2) of title 38 to provide for payment to veterans and eligible persons attending courses not leading to a college degree during periods between terms which do not exceed 15 calendar days and periods when the school is not in session because of teacher conferences or teacher training sessions. The latter would be limited to a maximum of 5 days in any 12-month period. This provision will eliminate an existing inequity whereby veterans taking below college level courses, such as technical or vocational training, have days off charged against their entitlement over which they have no control. This section would also amend section 1780(a)(C) to insert a reference to the 15-day absence period provided above.

Section 325 takes note of section 1520 of the bill by amending section 1792 to delete chapter 31 and add chapter 32 as part of the responsibilities of the Education Advisory Committee to the Administrator and to set a termination date of December 31, 1989, for the advisory committee. The Education Advisory Committee was authorized by Public Law 89-358, the Veterans' Readjustment Assistance Act of 1966. The advisory committee was to be continuing and on-going and an integral part of the implementation of this program. The Veterans' Administration has interpreted the Federal Advisory Committee Act (5 U.S.C. App. § 1 et. seq.) to justify a planned termination of the advisory committee on September 30, 1979, or upon completion of the readjustment study mandated by Public Law 95-202, whichever is later, unless the advisory committee is reauthorized by Congress. The Committee disagrees with this interpretation of the law. So there will be no misunderstanding, section 325 of the bill will terminate the advisory committee on December 31, 1989, the same date as the termination date for education benefits for veterans under Public Law 89-358, as amended.

TITLE IV—POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE PROGRAM ADJUSTMENTS

Section 401 would amend section 1602(1)(A) of title 38 to allow veterans with active duty prior to January 1, 1977, to become eligible to participate in the Post-Vietnam Era Veterans' Educational Assistance Program of chapter 32 of title 38. Under current law, eligibility to participate is restricted to those who initially entered military service on or after January 1, 1977. Individuals who served on active duty prior to that date and were discharged before serving for more than 180 continuous days are ineligible to receive educational assistance under chapter 34 (the post-Korean conflict and Vietnam era veterans' program). Their subsequent reentry on active duty after December 31, 1976, would not entitle them to chapter 32 benefits. Thus, the proposed change would correct this inequity by making such individuals eligible for chapter 32 benefits. It is estimated that a very small number of veterans could benefit by this provision.

Section 402 would amend section 1624 of title 38 to provide for distribution of unused chapter 32 contributions upon the death of the participant. The change would provide that, upon the death of a participant, the amount of his or her contributions to the chapter 32 fund would be paid as follows: (1) To the beneficiary or beneficiaries designated by the participant under his or her Servicemen's Group Life Insurance policy, (2) to the surviving spouse of the participant, (3) to the child or children of the participant and descendants of deceased children by representation, (4) to the parents of the participant or the survivor of them, (5) to the duly appointed executor or administrator of the participant's estate, and (6) to other next of kin of the participant entitled under the laws of domicile of the participant at the time of death.

Under current law, if a participant dies, the amount of his or her unused contributions to the fund is paid to the beneficiary(ies) designated by the participant under his or her SGLI policy, or to the participant's estate if no beneficiary has been designated under such policy or if the participant is not insured under the SGLI program.

The VA has told the Committee an unexpectedly high number of death refund claims have been submitted involving either no designated beneficiary or no SGLI policy in effect. If the participant dies intestate, the VA must presently require formal estate administration or pay the refund under the laws of descent and distribution of the participant's domicile. Both are time consuming and may impose a financial burden on the claimants, often disproportionate to the rather small amount of money involved. (The amounts in question can range from $50 through $2,700.) It is anticipated that even more deaths will occur after participants are separated from service, when SGLI is generally no longer in effect.

The VA has requested this change. The Committee believes this change will enable the VA to provide a refund to persons determined by a uniform order of precedence, which would remain the same whether or not the participant had a SGLI policy in effect. By avoiding the necessity of requiring the ultimate recipients to go through often costly estate administration procedures, this section should prove beneficial to both the participants in the program and the Government.

TITLE V—REVISION OF ELIGIBILITY FOR VETERANS' EMPLOYMENT AND TRAINING PROGRAMS

Section 501 would amend section 2001 of title 38 to group all veterans definitions for Department of Labor (DOL) programs (except Comprehensive Employment and Training Act (CETA) which is a separate law) in chapter 41 of title 38. This is an improvement over existing title 38 provisions because chapter 41 refers to all Department of Labor employment and training programs for veterans. In addition, the changes would revise the veterans definitions to make improvements or simplifications.

The definition of "veteran" would be changed to add the requirement for more than 180 days of active military service to be considered a veteran. This revision makes chapter 41 compatible with other veterans benefits and programs in regard to length of service required such as chapter 34 of title 38.

The term "disabled veteran" would be revised to remove the requirement for a 30 percent disability rating. This makes chapter 41 compatible with the fact that percentage of disability does not necessarily equate with the employability of the disabled veteran, as in chapter 31, the Vocational Rehabilitation Program, nor does it reflect the degree of need for employment and training services.

The term "Vietnam era veteran" would replace the current definition "veteran of the Vietnam era". The revision also removes the limitation of separation within 48 months of the date of application for services to be considered as a Vietnam era veteran. In addition, the proposal attaches a delimiting date of December 31, 1989, to the definition or, stated differently, after that date there will be no designation for Vietnam era veterans in chapter 41.

Section 502 would amend section 2007 of title 38 to revise the type of data to be included in DOL's Annual Report to the Congress so that data requirements are compatible with the veterans definitions and also with the Employment Security Automated Report System (ESARS), the current data collection system.

Section 503 would amend section 2011 of title 38 to make the definitions for disabled and Vietnam era veterans covered by the Federal contractor affirmative action requirements identical to the definitions in section 2001, title 38, as amended.

Section 504 would amend section 2012 of title 38 to clarify and update the provisions for veterans affirmative action and mandatory job listing by Federal contractors. It would also revise the affirmative action complaint system to permit the Secretary of Labor to have the flexibility to designate a representative to process the complaint. Presently the Veterans Employment Service (VES) is mentioned in the law but has no authority to enforce its provisions.

Sections 505 and 506 would merely add clarifying language and remove unnecessary items. Section 506 would also permit the Administrator of Veterans' Affairs to give preference to qualified veterans of the Vietnam era in selecting and appointing individuals for employment as VA veterans' benefits counselors and veterans' claims examiners.

Section 507(a). A problem in the Veterans' Reemployment Rights program has been brought to the attention of the Committee. The Department of Defense Appropriation Authorization Act, 1976, effective October 7, 1975, shortened the initial active duty for training for new National Guard members and reservists from 3 months to 12 weeks. Section 2024 (c) and (g) of title 38, Veterans' Reemployment Rights, provides reemployment rights after initial duty for training "of not less than 3 consecutive months." Technically, a Guard member or reservist or member of the Selected Reserve whose duty is for only 12 weeks might not be protected by this section—an obvious technical oversight. This situation has existed since October 7, 1975 and this provision will remedy this problem.

Subsection (b). Members of reserve components who are ordered to active duty for training are entitled to be reemployed by their private employers following their releases from that duty. Full-time training or duty by members of the National Guard under Sections 503–505 of title 32, United States Code, is treated like active duty for training for this purpose. It is now possible to perform full-time training or duty under title 32, United States Code, section 502, as well as under sections 503–505. In order to reflect this, section 502 should be added to the enumeration in section 2024(f) of title 38, United States Code. This section would provide the same reemployment rights following periods of full-time training or duty under title 32, United States Code, section 502, as current law provides following duty under Sections 503–505 of title 32, United States Code.

TITLE VI—COST-SAVING PROVISIONS

Section 601 of the bill contains numerous amendments to chapters 32, 34, 35 and 36 of title 38 proposing to terminate the authority for pursuit of flight training by veterans and pursuit of correspondence training by veterans, spouses, and surviving spouses. The changes would repeal the basic authority (sections 1677 and 1786) for pursuing these forms of training and would also eliminate the numerous references made in other sections of title 38.

Chapter 34, title 38, currently provides payment of 90 percent of the tuition charge to eligible veterans for flight training. Correspondence programs are administered under the provisions of chapter 36 of title 38, which also require the Veterans' Administration to pay 90 percent of the established charges. Chapter 32 requires 100 percent reimbursement for individuals training under that program.

The provisions in the reported bill to terminate flight and correspondence training are a budgetary decision, based on the recommendations of the Administration and the Budget Committee as contemplated in the First Concurrent Budget Resolution, H. Con. Res. 307, 96th Congress. However, the decision to terminate these two long standing programs, which have been available to veterans in all three GI Bills (World War II, Korea and Vietnam) should not be construed to mean that the Veterans' Affairs Committee agrees with the views of the Veterans' Administration or the Budget Committee regarding these programs. The termination of these two education and training programs is provided for in this bill only because of the mandate of the House. The Committee has made no decision nor rendered any opinion regarding the effectiveness and worthiness of these programs. Because legislative savings must be recommended to the House by July 2, the Committee has included provisions in the reported bill to end these programs effective October 1, 1980, which will result in a cost saving of $46 million for flight training and $11 million for correspondence training.

By way of background, a bill carrying out the Veterans' Administration request was introduced on March 27, 1979, which includes provisions to repeal flight training and correspondence training under laws administered by the Veterans' Administration. Hearings on March 28 and July 31, 1979, considered H.R. 3272, at which the VA testified in favor of H.R. 3272. This was the third straight year that these programs were recommended for elimination by the Veterans' Administration. The Subcommittee on Education, Training and Employment, however, did not act favorably on the Veterans' Administration request to terminate these programs, and did not include any provisions to reduce or terminate flight or correspondence training in the recommended H.R. 5288, which was considered and reported by the Committee on October 4, 1979 (House Report 96–498) and passed by the House on October 16, 1979.

In presenting its fiscal year 1981 budget request, the Veterans' Administration again recommended the elimination of flight and correspondence training for veterans and dependents with an estimated savings of approximately $57 million. However, the report to the Committee on the Budget from the Committee on Veterans Affairs on the budget proposed for fiscal year 1981, did not contemplate terminating flight and correspondence training. After indicating that the Committee did not expect to favorably consider legislation to eliminate these two programs, the Committee on Veterans' Affairs report to the Budget Committee stated: "This is the fourth consecutive year that the Administration has submitted this proposal. It is the Committee's views that this program has fulfilled its intended purpose—helping the beneficiary adjust to his or her changed circumstances by providing the training needed for basic employment."

The House Budget Committee, however, in its report to accompany the First Concurrent Resolution on the Budget for Fiscal Year 1981, House Concurrent Resolution 307, mandated the Committee on Veterans' Affairs to realize $400 million in savings as specified in the reconciliation instruction. The report further directed the Veterans' Affairs Committee to submit its $400 million reconciliation recommendations by June 15, 1980. The Budget Committee recommendation listed a number of ways that the $400 million in legislative savings could be achieved.

These recommendations include terminating flight and correspondence training for the reasons outlined in the report, House Report 96–857 accompanying House Concurrent Resolution 307—the First Concurrent Budget Resolution for fiscal year 1981, as follows:

> For several years the President has proposed the elimination of flight and correspondence training benefits. These benefits were designed to enhance readjustment to civilian life, to provide training for basic employment. However, it has become clear that these programs are not serving their intended goals, that the training is used for recreational purposes and does not lead to professional full-time employment. Action could be taken this year to eliminate these benefits and the Predischarge Education Program (PREP). CBO estimates that approximately $60 million in savings would result from termination of these benefits.

Section 602(a)(1) would add two new provisions (sections 3113 and 3114) to title 38 to (1) provide for the offsetting of overpayments from future benefits, and (2) require the assessing of interest and administrative costs on debts which are not paid "within a reasonable period of time" as defined by the Administrator. The latter new section also requires the rate of interest to be based on the United States' cost of borrowing as determined by the Administrator.

The proposed new section 3113 would require that overpayments created under chapters 11, 13, 15, 31, 32, 34, 35 and 36, or section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978, will be deducted from any future payment made under laws administered by the VA to that recipient unless such overpayments are waived by the Administrator pursuant to section 3102 of title 38. The new section would also provide that such deductions will not be subject to any limitations with respect to the time for bringing civil actions or commencing administrative proceedings.

The proposed new section 3114 would create, subject to waiver where appropriate, an obligation to assess interest and administrative costs on debts owed the United States resulting from: (1) overpayment of VA benefits, or (2) the provision of hospital, domiciliary and medical care. Interest charges under this section will accrue from the date of the initial notification and will be set at a rate determined by the Administrator, based on the rate of interest paid by the United States for borrowing. These charges may be avoided if payment is rendered within a reasonable period as determined by the Administrator.

Section 602(a)(2) would add to the table of sections preceding chapter 53, the listings for new sections 3113 and 3114.

Subsection (b)(1) and (2) would include in the statutory provisions regarding waiver of recovery of overpayments a provision that waiver authority extends to any interest on overpayments.

Subsection (c) would remove offset provisions for DIC benefits now contained in section 415 of title 38. These provisions have been included in expanded form in the proposed new section 3113.

Subsection (d) would amend existing authority for offset of pension debts to provide that such debts may be offset from all other VA benefits, and create authority in chapter 15 to offset debts resulting from overpayment of pension under section 306 of the Veterans' and Survivors' Pension Improvement Act (Public Law No. 95-588 (1978)).

Subsection (e) amends section 1785 of title 38 to require of veterans and eligible persons the same duties to report changes in status that are now required of educational institutions.

Section 1785 imposes liability directly on the schools for the enumerated acts but no similar explicit duty is required in that section of the veteran or eligible person.

The Veterans' Administration has long provided by regulation that the veteran or eligible person must report changes in status timely and truthfully. This amendment in the reported bill ratifies this longstanding practice. In each of these two situations, direct, explicit statutory provisions should be included in title 38.

The Committee has amended Sec. 1785 to make it clear that the veteran or eligible person and the educational institution are jointly and severally liable to the VA for overpayments. In some cases, schools have objected to being held liable for overpayments as to which the veteran is absolved by waiver as authorized by section 3102 of title 38. This amendment codifies traditional practice that the school is not only jointly liable, but that the Federal Government has the legal right to seek its remedy from the school alone, if a veteran has been granted a waiver.

Subsection (f) would provide that new section 3114, relating to the charging of interest and other costs, shall apply to payments of amounts due after the date of enactment.

Section 603 would amend section 3301 of title 38, United States Code, to permit disclosure of names and addresses and other information maintained by the Veterans' Administration for certain debt collection purposes and in connection with the administration of the VA home loan program. Section 603(a) is similar to section 401 of H.R. 5288, as passed by the House on October 16, 1979, and to H.R. 4764, on which the Committee held hearings on July 31, 1979. That bill was introduced at the request of the Administration, which transmitted a draft of this legislation to the Speaker on July 10, 1979. Section 603(b) would add a new subsection to 38 U.S.C. § 3301 to authorize disclosure of information for four purposes related to the VA home loan program. It would also authorize disclosure of VA home loan appraisal reports and certificates of reasonable value to any member of the public.

Section 603(a) amends subsection (f) of section 3301, which authorizes the Administrator to disclose the name and address of a VA claimant to nonprofit organizations in certain circumstances or to law enforcement authorities charged with the protection of the public health or safety. This section would add additional purposes for which names and addresses could be disclosed. Disclosure of other information, such as a social security number, date of birth, and other pertinent information, is not restricted by subsection (f), which only limits disclosure of a claimant's name or address, or both. Subsection (e) of section 3301 authorizes disclosure of other pertinent information. *See Fitch* v. *Veterans Administration*, 597 F.2d 1152 (8th Cir. 1979). This amendment is consistent with the holding in that case. An amendment to subsection (f) is necessary in order to permit the VA to comply with recent standards promulgated by the General Accounting Office and the Department of Justice which require all Federal agencies to develop procedures to utilize consumer reporting agencies (credit bureaus) in the collection of debts owed to the Federal Government. Section 603(a) authorizes the VA to disclose information to credit bureaus for three purposes related to debt collection: to obtain current addresses of debtors from credit bureaus; to obtain credit reports in order to assess a debtor's ability to repay a debt; and to give notice of the outstanding obligation.

It also authorizes the VA to disclose name and address information in any proceeding to collect debts owed to the Agency. This provision is intended to clarify the VA's authority to disclose information to any party involved in VA collection of a debt owed to the VA. Such a party could include an insurer which may be liable to the VA as a result of the participation of the insured in a VA benefits program.

Both section 401 of H.R. 5288 and H.R. 4764 included a prohibition against using information provided by the VA for any other purpose other than that intended by the VA when it made the disclosure. This provision was intended to prevent credit bureaus from utilizing information disclosed for locator purposes, or in order to obtain a credit report, for any other purposes. However, the Committee has determined that this prohibition, and the criminal sanctions which may be brought if the prohibition is violated would discourage consumer reporting agencies from cooperating with the Veterans' Administration in implementing the authority provided by this legislation. Therefore, this bill would make this prohibition inapplicable to the use of names and addresses related by the Veterans' Administration to a consumer reporting agency. The Committee has been advised by the General Accounting Office and by the President of Associated Credit Bureaus, Inc., that the former provision posed substantial problems for credit bureaus that are already subject to the provisions of the Fair Credit

Reporting Act. This legislation would make an exception to the prohibition on redisclosure which is applicable to organizations described in subsections (f)(1)(A) and (f)(1)(B). The Administrator is required, however, to take whatever steps he finds to be reasonable to protect the personal privacy of individuals affected by this legislation and to issue regulations accordingly.

Section 603(b)(1) would amend subsection (c) of 38 U.S.C. § 3301, which presently authorizes the Administrator to disclose to any person the amount of pension, compensation or dependency and indemnity compensation of any VA beneficiary. The Administrator has construed this authority, which makes limited information publicly available, as authority to disclose the amount of retirement pay, subsistence allowance or educational assistance allowance, 38 C.F.R. § 1.502. The Committee agrees with this interpretation and believes that no legislative change is warranted to authorize these disclosures. However, the Administrator has also determined by regulation that home appraisal reports and certificates of reasonable value should be made available to any person who requests such information. 38 C.F.R. § 1.512. The Committee believes that, although the Administrator is authorized to disclose this information under 38 U.S.C. § 3301(e), it would be useful to include this authority in the same subsection that makes certain other information available to the public. The Committee expects that the Veterans' Administration will not change any of its existing practices in making this type of disclosure, including the practice of deleting the veteran's name from the appraisal report or certificate of reasonable value.

Section 603(b)(2) would add a new subsection (g) to section 3301 and would redesignate the present subsection (g) as subsection (h). It is the Committee's belief that the disclosures that are authorized by this new subsection are essential to the proper administration of the VA's Loan Guaranty program. If the Agency were barred from making disclosures of this type, the home loan program would be susceptible to increased abuse and mismanagement, ultimately resulting in diminished home-buying assistance to deserving veterans. It is the Committee's understanding that there has been some question as to whether section 3301 authorized the disclosures which the VA must make in connection with this program. The Committee has therefore determined that explicit Congressional sanction of these disclosures is necessary. It would be accomplished by the addition of this new subsection.

Both section 603(a) and 603(b) provide that the Privacy Act, 5 U.S.C. § 552a, shall not apply to records disclosed to a consumer reporting agency under the authority of either subsection (f) or subsection (g). Although the Act will continue to apply to information held by the VA, it will not apply to the information after it has been disclosed to a consumer reporting agency. The provisions of the Fair Credit Reporting Act provide substantial protection to individuals who are the subject of consumer reports. It would be impractical to impose the requirements of the Privacy Act, which are similar to, but, in some cases, more stringent than the requirements of the Fair Credit Reporting Act, on the entire credit reporting industry when the information provided by the VA constitutes only one factor in an individual's credit record.

Section 603(a) would also enable the Veterans' Administration to contact individual veterans where necessary to perform program evaluation studies or any other evaluative study. The VA presently has several studies in various stages of completion for which it lacks the necessary current address information to contact the individuals whose responses to questionnaires are essential to complete these studies. Additionally, 38 U.S.C. § 219 makes the conduct of program evaluation studies a mandatory activity of the VA. Prior to the enactment of the Tax Reform Act of 1976, the VA had obtained current address information from the Internal Revenue Service. However, an amendment to section 6103 of the Internal Revenue Code of 1954 limits IRS disclosures of addresses to VA to those VA employees engaged in debt collection efforts and prohibits redisclosure to others for debt collection or use of this information for purposes other than debt collection. Therefore, the VA has been forced to seek alternative methods of obtaining address information.

Section 604 would provide for termination of the Predischarge Education Program (PREP) provided under the chapter 32 contributory education program for servicepersons. The basic authority (38 U.S.C. § 1631(b)) would be repealed. In addition, those provisions of chapters 34 and 36 containing the authority to carry out the PREP program under chapter 34 are also eliminated. That program was terminated by section 210(5) of Public Law 94-502 by barring any enrollments or reenrollments after October 31, 1976. The provisions of chapters 34 and 36 were left in title 38, however, to form the basis for implementing the chapter 32 program.

Current law (subchapter III of chapter 32, title 38) provides Veterans' Administration educational assistance to aid enlisted servicepersons to prepare for their future education, training or vocation by providing them with the opportunity to enroll in and pursue a program of education authorized by subchapter VI of chapter 34 during the last 6 months of the individual's first enlistment.

The Department of Defense administers an all-volunteer Army. To attract qualified men and women into the all-volunteer military forces, the military services recognize that they must provide effective inducements, among which educational opportunity is one of the most attractive.

The measure would terminate the Predischarge Education Program prior to the enrollment of any potentially eligible individuals to pursue such courses. The continued need for PREP is no longer apparent. Today the Department of Defense operates viable inservice education programs. These benefits, which range all the way from vocational training through graduate work, are available in the military service.

The Committee understands that the Department of Defense concurs in the repeal believing that adequate inservice education programs are available and the continuance of PREP would duplicate efforts of these programs and contribute little to the military mission.

Section 605(a) would amend section 1682(b) of title 38, to add a new clause (3). The change would limit the amount which would be payable to an incarcerated veteran to the cost of the individual's tuition and fees. The incarcerated veteran would be paid on the same basis as a serviceperson who is pursuing a program of education under the GI Bill while still in service and those training on a less than half-time basis.

It is the understanding of the Committee that the amendment in subsection (c) which amends sec. 1780(a) will disallow payments in those cases where the tuition and fees of the veteran or person are paid under another Federal, State or local program or there are no tuition or fees.

Subsection (b) would impose restrictions on payment of chapter 35 benefits to incarcerated individuals similar to those imposed on veterans in the amendment to chapter 34 discussed above.

TITLE VII—TECHNICAL AMENDMENTS

Section 701 proposes two technical changes to provisions of title 38 as well as two technical changes to the GI Bill Improvement Act of 1977.

Subsection (a) would amend section 1740 of title 38 to insert immediately after "person" the following: "(as defined in section 1701(a)(1)(A) of this chapter)". This clarification would assure that the special restorative training program authorized by Subchapter V of chapter 35 of title 38 is applicable only to the children of veterans and is not designed to apply to spouses or surviving spouses. This would merely assure that the beneficiaries of the special restorative program are those who are intended to benefit from this program.

Subsection (b) proposes a technical change in section 1790(b)(2) of title 38. The subsection requires the Administrator to give notice to veterans and eligible persons where action is taken to discontinue benefits to such individuals. We believe it is clear that the correct word to be utilized in the last sentence of the subsection is "for" rather than the word "therefor" which was enacted in section 306, Public Law 95–202.

Subsection (c) contains two proposed technical changes to be made in specified sections of Public Law 95–202. In enacting subsection (b) of section 305 of that law, Congress inserted four separate paragraphs. In the first, it provided changes in sections 1674 and 1724 of title 38 dealing with regulations to be issued by the Administrator concerning standards of progress. In the second, it called for a study to be made concerning standards of progress. In the third, it authorized the appropriation of $1,000,000 for the conducting of the study provided in paragraph (2). However, instead of properly citing paragraph (2), relating to the study, the law inadvertently cited paragraph (1). This change merely provides the correct citation.

The second proposed correction is an amendment to section 401(a)(1)(B) of Public Law 95–202 and is designed to correct the present language which reads "honor-and" to properly read "honorable". This merely corrects what appears to be a printer's error occurring at the time the enrolled enactment was printed.

TITLE VIII—EFFECTIVE DATE

Section 801 sets the effective date for the amendments proposed to be made by the bill as the first day of the first month beginning after the end of 60 days after the date of enactment, except for rate increases and counseling, which would become effective on October 1, 1980, as well as termination of flight and correspondence training and the PREP program.

Agency Reports

The Committee has received the following reports from the Administration:

COMMITTEE ON VETERANS' AFFAIRS, HOUSE OF REPRESENTATIVES

Veterans' Administration

Office of the Administrator of Veterans' Affairs,
Washington, D.C., March 26, 1979.

Hon. Ray Roberts,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, D.C.

Dear Mr. Chairman: This will respond to your request for a report by the Veterans' Administration on H.R. 1531, 96th Congress, a bill "To amend title 38, United States Code, to exclude certain periods from the absence counting requirements for veterans and eligible persons enrolled in course not leading to a standard college degree."

The bill would amend section 1780 of title 38, United States Code, to exclude from absence counting, for the purpose of eligible veterans and dependents pursuing courses not leading to a standard college degree, intervals between school terms which do not exceed 15 calendar days as well as periods (not to exceed 5 days in any 12-month period) when the school is not in session because of teacher conferences or teacher training sessions.

Section 1780(a)(2) of title 38 precludes payment of educational assistance allowance to veterans or eligible persons enrolled in most courses not leading to a standard college degree for absences in excess of 30 days in a 12-month period. Absences due to weekends, legal holidays (including customary vacation periods connected therewith), during which the institution is not regularly in session, are not computed in this restriction.

Under the provisions of Public Law 93-208, enacted December 28, 1973, the Veterans Administration is permitted to continue to pay benefits to individuals enrolled in programs of education not leading to a standard college degree in cases where schools are closed due to a policy based upon an Executive Order of the President or due to an emergency such as an energy crisis. In addition, Public Law 93–508, enacted December 3, 1974, liberalized absence accounting in such institutions to allow for exclusion of customary vacation periods connected with legal holidays.

Current VA regulations and policy provide for holiday vacations of ". . . 1 calendar week at Christmas and at New Years and shorter periods of time in connection with other legal holidays." (VAR 14205(C).) We have found that granting the holiday plus one additional day is generally consistent with customary practices regarding other holidays. Nevertheless, we are not limited to granting of vacation periods consistent with such practices. Thus, where a school closes for a longer period, at Thanksgiving, for example, and publishes such closing in its literature, the VA will consider the longer period to determine whether it is reasonable. If, upon review of the circumstances, a longer period is determined to be reasonable in a particular case, benefits may be continued during the entire vacation period without charging absences. We believe this authority to provide continued payments to students during periods when they are not actually attending classes is adequate to provide for a reasonable number of days during holidays.

As noted earlier, H.R. 1531 would further liberalize the statutory provisions to continue payment of VA benefits to persons enrolled in programs not leading to a standard college degree, without charge to absence during periods between sessions, providing the interval does not exceed 15 days. It would also exclude from absence counting those periods when the institution is conducting teacher conferences or training sessions (not to exceed 5 days during a 12-month period).

Since its inception, the GI Bill has encountered a wide variety of problems relating to matters such as full-time attendance, required attendance, length of terms for benefit purposes, etc., and a number of restrictions and changes have been found necessary to insure integrity of the program. Historically, these problems have existed in large part in the area of vocational and trade schools, which were sometimes created exclusively for the purpose of enrolling veterans in order to gain access to GI Bill Federal funds.

In view of the liberal absence allowances which now exist, we believe the case has not been made that further liberalization is required or in the best interest of the program or the students. Based on the present allowance of 30 days per year, a student may now be absent up to 11½ percent of attendance time without a reduction in his or her benefits.

It is estimated that enactment of H.R. 1531 would result in added direct benefits costs significantly less than $1 million in any fiscal year.

For the foregoing reasons, the Veterans Administration opposes the enactment of H.R. 1531.

We have been advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND, *Administrator.*

COMMITTEE ON VETERANS' AFFAIRS, HOUSE OF REPRESENTATIVES

Veterans' Administration,
Office of the Administrator of Veterans' Affairs,
Washington, D.C., March 26, 1979.

Hon. Ray Roberts,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, D.C.

Dear Mr. Chairman: This will respond to your request for a report by the Veterans Administration on H. R. 1532, 96th Congress, a bill "To make certain technical corrections in laws administered by the Veterans' Administration."

As designated by the title of the bill, this is a technical corrections measure. Three of the technical corrections proposed to be made would correct errors which occurred at the time the GI Bill Improvement Act of 1977 (Public Law 95–202) was enacted into law, while the remaining technical correction is one proposed to provide a clarification of law presently contained in section 1740 of title 38.

Section 1 of the measure would amend section 1740 of title 38 to insert immediately after "person" the following: "(as defined in section 1701(a)(1)(A) of this chapter)". This clarification would assure that the special restorative training program authorized by Subchapter V of chapter 35 of title 38 is applicable only to the children of veterans and is not designed to apply to spouses or surviving spouses. This would merely assure that the beneficiaries of the special restorative program are those who are intended to benefit from this program.

Section 2 of the bill proposes a change in chapter 36 of title 38. The change would amend section 1790(b)(2) to insert the word "for" in lieu of the word "therefor" which was inserted in a new subsection (b) of section 1790 in the enactment of section 306 of Public Law 95–202. The new subsection requires the Administrator to give notice to veterans and eligible persons where action is taken to discontinue benefits to such individuals. We believe it is clear that the correct word to be utilized in the last sentence of the new subsection is "for" rather than than the word "therefor" which was enacted.

Section 3 of the bill contains two proposed changes to be made in specified sections of Public Law 95–202. In enacting subsection (b) of section 305 of that law, Congress inserted four separate clauses. In the first, it provided changes in section 1674 and 1724 of title 38 dealing with regulations to be issued by the Administrator concerning standards of progress. In the second, it called for a study to be made concerning standards of progress. In the third, it authorized the appropriation of $1,000,000 for the conducting of the study provided in clause (2). However, instead of properly citing clause (2), relating to the study, the law inadvertently cited clause (1). This change merely provides the correct citation.

The second proposed correction is an amendment to section 401(a)(1)(B) of Public Law 95-202 and is designed to correct the present language which reads "honorand" to properly read "honorable". This merely corrects what appears to be a printer's error occurring at the time the enrolled enactment was printed.

We are of the view that these technical corrections to title 38 and to Public Law 95-202 should be made. As such, we would urge the enactment of H.R. 1532.

No cost would be involved in having these technical corrections made.

These technical corrections have been incorporated into a draft omnibus education bill which is being submitted to the Congress for consideration.

We have been advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND, *Administrator.*

COMMITTEE ON VETERANS' AFFAIRS, HOUSE OF REPRESENTATIVES

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., March 26, 1979.

Hon. RAY ROBERTS,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans Administration on H. R. 1534, 96th Congress, a bill "To amend title 38, United States Code, to provide limitations on the payment of educational assistance allowances to certain veterans, and for other purposes."

The bill would amend section 1682(b) of title 38, United States Code, to require that payment of educational assistance to incarcerated veterans be made at the rate of the established charges for tuition and fees which the institution requires similarly circumstanced non-veterans enrolled in the same program to pay, or $311 per month for a full-time course, whichever is the lesser. The limitation would be applicable only to veterans with no dependents who are incarcerated in a Federal, State, county, or local prison or jail.

Under present law, when an eligible veteran, who is incarcerated, pursues an approved program of education, such an individual may be paid educational assistance allowance, premised upon the amount of training pursued by such veteran, without regard to whether the individual bears the cost of the program or the penal institution provides for the cost of the program. No benefits are paid, however, where the individual is assigned to and is pursuing a program of education, at no cost to himself or herself or his or her relatives, where the program is conducted by the penal institution as a part of its regular program of rehabilitating inmates. Nor may such benefits be paid for training in the prison-run program even if the individual is pursuing the program on a voluntary basis, rather than as an assigned prison activity.

Section 1681(a) of title 38 provides for payment of educational assistance allowance benefits to meet, "in part, the expenses of the veteran's subsistence, tuition, fees, supplies, books, and equipment and other educational costs." There is no provision for any breakdown of the amount of the assistance which must be used for any particular segment of the veteran's expenses. Thus, in the case of a veteran who is incarcerated and is pursuing a program of education on a half-time or more basis, the same monthly assistance allowance is paid such a veteran as is allowed a veteran not incarcerated, despite the fact that the incarcerated veteran's subsistence is being provided by the Federal, State, or local jurisdiction.

We have received complaints from various prison officials in the Nation concerning the funds paid to prisoners by the Veterans Administration. They have advised that this additional money paid to these veteran inmates have caused problems with regard to narcotics, fights, and robberies within the prisons.

We would urge the Committee to consider an alternative proposal which would provide a system of payment of education allowance benefits to persons pursuing institutional training which confined in prisons and jails on a basis more compatible with incarceration. This proposal is contained in section 107(3) of the Veterans Administration's onmibus education bill we have transmitted to the Congress. This measure provides as follows:

> (a) veterans training less than half-time would be paid only for the cost of their tuition and fees;
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> (b) veterans training on a half-time or more basis, who have no dependents, would be paid only for the cost of their tuition, fees, and books, with any portion of the amount payable based upon the training time not required for such costs withheld by the Veterans Administration and paid to the veteran upon his or her release from incarceration; and
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> (c) veterans training on a half-time or more basis, who have dependents, would (1) be paid only for the cost of their tuition, fees, and books; (2) have that portion of the amount payable based on the single veteran rate in excess of tuition, fees, and book costs withheld by the Veterans Administration and paid to the veteran upon release from incarceration unless the veteran advises the Veterans Aministration in writing that any or all of such portion shall be paid to the veteran's dependents; and (3) have that portion of the allowance payable on account of dependents paid to the veteran's family.

Also included in section 206(2) of our bill is language which would impose the same restrictions set forth in (a) and (b) above on the educational assistance allowance payments to incarcerated chapter 35 trainees, as would be imposed on veterans. This would meet the intent of the Congress, expressed in prior laws, that where feasible equal treatment should be afforded dependents and veterans.

We believe that a system, such as that proposed in the Veterans Administration's bill, would go a long way toward meeting the complaints from prison officials concerning the availability of funds to individuals while incarcerated and, at the same time, ease the veteran's transition back into society upon release from incarceration as well as provide funds for the families of veterans who are deprived of the veteran's earning capacity during incarceration.

It is pointed out that under our vocational rehabilitation program, authorized by chapter 31 of title 38, the Veterans Administration pay the cost of the veteran's tuition and other educational expenses. In addition, we pay a separate subsistence allowance based upon the rate table set forth in section 1504(b) of title 38. Thus there is a distinction between chapters 31 and 34 in that the amount of subsistence payable in the former chapter is clearly delineated, whereas in the latter chapter it is not.

The Committee may wish to give consideration to amending the bill to provide a system of payments for chapter 31 trainees similar to that proposed above for chapter 34 and 35 beneficiaries. This would allow payment of full subsistence allowance to chapter 31 trainees under the conditions set forth in (b) and (c) above, as appropriate. The need for clarification as to the conditions under which chapter 31 subsistence allowance is payable was pointed out in our study entitled "A Study of the Provisions for Veterans Vocational Rehabilitation, Chapter 31, Title 38, United States Code," submitted to the Congress on September 26, 1978, pursuant to the mandate in Section 307, Public Law 95–202 (House Committee Print No. 167, 95th Congress).

No information is available as to the number or dependency status of incarcerated veterans using their GI Bill benefits. We believe that enactment of H.R. 1534 would result in a small amount of savings. We are, however, unable to estimate any specific amount.

For the foregoing reasons, the Veterans Administration does not favor the enactment of H.R. 1534, but urges instead that the Committee enact the Veterans Administration's draft bill which includes these provisions.

The office of Management and Budget advises that there is no objection to the submission of this report to the Committee and that enactment of the Veterans Administration's draft bill would be in accord with the President's program.

Sincerely,

MAX CLELAND, *Administrator.*

COMMITTEE ON VETERANS' AFFAIRS, HOUSE OF REPRESENTATIVES

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., March 26, 1979.

Hon. THOMAS P. O'NEILL, Jr.
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: There is transmitted herewith a draft bill titled the "GI Bill Amendments Act of 1979."

This draft bill incorporates numerous proposed changes in the education programs administered by the Veterans Administration for veterans and dependents. A general description of the major changes proposed in the bill is followed by a more detailed explanation of each of the proposed changes which is enclosed.

Title I of the draft measure would, among other things, carry out the President's recommendations, contained in his message to the Congress of October 10, 1978, calling for an extension of the current 10-year delimiting date for veterans of the Vietnam era who are in need or who are educationally disadvantaged. The proposal would allow veterans an additional 2-year period in which to (a) pursue on-job training or, if they have not received a high school diploma or a General Equivalency Certificate (GED), (b) pursue a vocational training program leading to a vocational objective, or (c) pursue a program of education leading to the high school diploma or equivalency certificate. This would permit these disadvantaged veterans who lack job skills or education an oportunity to receive training and/or education to permit them to enter the job market. Counseling would be provided the educationally disadvantaged veterans to assure they are placed in appropriate programs.

Title I would also make two basic changes in section 1673 of title 38, United States Code, relating first to the 50 percent employment requirement imposed on vocational training; and second to the so-called 85–15 veteran-student enrollment limitation.

Turning to the first proposed change, current law bars the Administrator from approving the enrollment of eligible veterans and dependents in courses with a vocational objective unless the school or the veteran submits justification showing that at least one-half of the persons who completed the course, and are not unavailable for employment, have been employed in the occupation for which trained.

Section 204 of Public Law 94–502 directed the Veterans Administration to make a study of the vocational objective programs approved for the enrollment of veterans and other eligible persons under Veterans Administration education programs to determine the extent to which they are in compliance with the provisions of law, with our findings to include data on compliance with the 50 percent employment provisions of section 1673(a)(2). Our report, entitled "Study of Vocational Objective Programs Approved For the Enrollement of Veterans" (Senate Committee on Veterans' Affairs Print No. 23, 95th Congress; House Committee on Veterans' Affairs Print No. 147, 95th Congress), was submitted to the Congress on July 11, 1978.

Consistent with the findings of that report, three changes are being recomemnded for this particular section of law. First, the provisions would be modified to provide an exemption from the requirement for those educational institutions which have 35 percent or less of those in receipt of GI Bill allowances and have met the reporting requirement for the preceding two consecutive reporting periods. We believe this proposal would alleviate the reporting requirements for a great number of schools thus providing a savings for them.

The second proposed change would require those schools subject to the reporting requirements to include in their 50 percent employment computation not only those individuals who completed the course, but those who discontinued the course prior to completion as well. This proposed provision could have a duel effect. It could, on the one hand, give schools "credit" for those individuals who commenced the course, left it prior to completion, but, nevertheless, obtained sufficient skills from the course to obtain employment in the qualifying objective. On the other hand, it should eliminate the practice of some schools of disenrolling a student prior to graduation in an effort to avoid having to include the student in the 50 percent employment computation.

The third proposed change would require the student to be employed in an occupation which constitutes his or her major source of occupational income. This would eliminate those individuals, presently included by some schools, who have been minimally employed only part time or on a spare time basis in the occupation for which trained.

With respect to the enrollment limitations, title I would also eliminate the requirement in section 1673(d) of title 38 that schools, in computing the so-called 85–15 veteran-student enrollment figure, include those individuals who are in receipt of Basic Educational opportunity (BEOG) or Supplementary Education Opportunity (SEOG) grants.

Public Law 94–502 amended section 1673(d) to bar the enrollment of veteran-students, not already enrolled, in any course (with certain limited exceptions) for any period during which the Administrator found that more than 85 percent of the students enrolled in the course had all or part of their tuition, fees, or other charges paid to or for them by the school, by the Veterans Administration, or by grants from any Federal agency. Public Law 95–202 inserted an exception for those schools having 35 percent or fewer veterans or persons receiving such assistance. This same law directed the Administrator to make a study to determine the effects of these requirements.

The findings of this study were submitted to the Congress on November 16, 1978, in our report entitled "The Necessity and Desirability of Including Recipients of Federal Grants Other Than the Veterans' Administration in the 85–15 Ratio Computation" (Senate Committee on Veterans' Affairs Print No. 28, 95th Congress; House Committee on Veterans' Affairs Committee Print No. 168, 95th Congress).

The study concluded that prior to the requirement that BEOG and SEOG recipients be included, the 85-15 ratio requirements were effective in preventing abuses found in schools with all-veteran and all-eligible person enrollments. It also found that a significant number of schools do not have the administrative capability of reporting the ratio of these students. Thus, the proposal made here would eliminate the requirement that BEOG and SEOG recipients be counted in the ratio requirement.

Title I would further repeal a provision of current law (38 U.S.C. 1674) linking satisfactory progress with course completion time. This was added to the law by Public Law 94–502, but has proved to be unworkable. It has imposed administrative burdens on the schools, led to some anomalous and often unjust results for students, and has been a great source of friction between the Veterans Administration and the collegiate educational community.

Sections 1775 and 1776 of title 38 presently require that schools have, publish, and enforce standards of progress in order to have their courses approved. In addition, section 1780(a)(4) of title 38 prohibits payment of educational assistance for the pursuit of a course not counted toward graduation requirements.

Section 305(b)(2)(B) of Public Law 95–202 required a study by the Veterans Administration of the statutory standards of progress requirments. The results of the study are contained in our report to the Congress entitled "Progress or Abuse—A Choice" (House Committee on Veterans' Affairs Print No. 170, 95th Congress; Senate Committee on Veterans' Affairs Print No. 30, 95th Congress, transmitted on December 6, 1978. This study concluded that the standards of progress currently enforced by most accredited colleges and universities, together with the other provisions of law we have just cited, are generally sufficient to avoid abuse. Consequently, we believe the completion time standard of section 1674 can safely be deleted, and such a proposal has been included in the draft bill.

Title II of the draft bill proposes to make a number of changes in the provisions of chapter 35 governing programs of education pursued by eligible dependents. Comparable provisions have been included to revise the 50 percent employment and standards of progress requirements for these eligibles to equate them with those applicable to eligible veterans under chapter 34.

Title III of the draft measure would make a number of changes in chapter 36 of title 38 involving the administration of our veterans' and dependents' education program. These changes would, for the most part, codify and clarify existing practices and proceedings which have been followed by the Veterans Administration for a number of years.

Title IV of the draft measure would repeal current authority for pursuit of flight training by veterans under chapters 32 and 34 of title 38 and would also repeal current authority for pursuit of correspondence training by veterans, surviving spouses, and spouses under chapters 34 and 35. A termination date of October 1, 1979, or the first day of the second calendar month following the date of enactment, whichever is later, beyond which neither program of training could be pursued, would be set in the draft bill.

On July 11, 1978, the Veterans Administration sent to the Congress its report on "Study of Vocational Objective Programs Approved For the Enrollment of Veterans." This report contains the most recent data relative to the effectiveness of flight and correspondence training programs. This study found that flight and correspondence training are not achieving their intended purpose—to help provide a source of continuing substantial professional employment for veterans and dependents.

The study shows, for example, that in the area of flight training, although completion rates are high (an average of 76 percent), graduates are shown to have been quick to accept very limited, part-time employment for the purpose of free or reduced-rate flying rather than for professional employment. As we pointed out in our discussion of the 50 percent employment requirement set forth in section 104 above, current law does not specify whether job placement needs to be full time. We have found that a number of flight schools have used this lack of definition to achieve high placement ratios in technical compliance through the use of graduates as part-time instructors. Thus, the study concluded that although placement data for flight schools appears to be high, based on statistics representing technical compliance with the law, in terms of full-time paid jobs, placement is much lower.

The most recent correspondence completion statistics indicate that completion rates for vocational courses offered by correspondene averaged as low as 41 percent.

We believe that the ineffectiveness of these two programs in achieving their intended purpose, along with protential for abuse within there programs, necessitates their termination. There is ample evidence that the training does not lead to jobs for the majority of trainees and that the courses tend to serve avocational, recreational and/or personal enrichment, rather than basic readjustment and employment objectives.

Title V of the draft bill would terminate the Predischarge Education Program (PREP) provided under chapter 32 of title 38. This is the contributory education program provided those individuals initially entering active service on and after January 1, 1977.

Under current law, service personnel are permitted to pursue PREP training programs during the last 6 months of their first enlistment. There programs are designed provide them with courses which will aid them to enroll in and pursue a program of education in the future.

The proposal would terminate the PREP authority prior to the enrollment of any potentially eligible individuals to pursue such courses. Today the Department of Defense operates viable inservice education programs. These benefits, which range all the way from vocational training through graduate work, are available in the military service. Thus, the continued need for PREP is no longer apparent.

The Department of Defense agrees with our proposal to discontinue this program believing that adequate inservice education programs are available and the continuance of PREP would duplicate efforts of these programs and contribute little to the military mission.

There are a number of provisions in the draft bill which will cost money. However, these will be offset by the savings which will occur as a result of the provisions for repeal of the flight, correspondence, and PREP training programs. Therefore, it is estimated that enactment of the draft bill would result in a net direct benefits savings of

$4,874,000 in Fiscal Year 1980 and in net direct benefits savings of $41,965,000 over the first 5 fiscal years. It is also estimated that enactment would result in net administrative savings in Fiscal Year 1980 of $1,046,200 and in net administrative savings over the first 5 fiscal years of $2,586,000. A summary of the costs/savings by fiscal year and by program is enclosed.

We request this bill be introduced and recommend its favorable consideration.

We have been advised by the Office of Management and Budget that enactment of this draft bill would be in accord with the President's program.

Sincerely,

MAX CLELAND, *Administrator.*

Enclosures.

The requested bill was introduced by Chairman Hefner on March 27, 1979, which is identified as H.R. 3272.

SECTION-BY-SECTION ANALYSIS OF PROPOSED DRAFT BILL

The first section of the proposed draft bill provides that the Act may be cited as the "GI Bill Amendments Act of 1979."

TITLE I—GI BILL PROGRAM ADJUSTMENTS

Section 101 proposes to make two amendments to section 1662 of title 38, United States Code. The first would set a 1-year period within which veterans may apply for and obtain an extension of their delimiting periods where they have been unable to complete their education within the regular 10-year period of time because of a physical or mental disability. The 1-year time period would commence at a date dependent on the circumstances in the individual case, but not earlier than 1-year after the effective date of the proposed legislation.

The second amendment to section 1662 proposes to carry out the President's recommendations, contained in his message to the Congress of October 10, 1978, calling for an extension of certain Vietnam era veterans' delimiting dates under specified circumstances.

Public Law 95–202 amended 38 U.S.C. 1662(a)(1) to permit veterans, who are prevented from training during the basic delimiting period because of a physical or mental condition, an extension of time within which to commence or complete the chosen program of training. However, the law does not specifically require the individual to act promptly in seeking this relief. Failure to seek training within a reasonable period of time would defeat the intent of the educational assistance program which is to enable a veteran to readjust to civilian life. We believe a 1 year limitation is consistent with the congressional intent behind the extension of the delimiting date provided for by Public Law 95–202.

Consequently, a person seeking a delimiting date extension, by reason of hardship resulting from a physical or mental disability, is required to apply for the extension within 1 year after the disability is removed or within 1 year after the original delimiting date, or 1 year from the enactment of this proposal, whichever is the later.

Current law [38 U.S.C. 1662(a)(1)] provides that no educational assistance may be afforded an eligible veteran under chapter 34 beyond the date 10 years after the veteran's last discharge or release from active duty after January 31, 1955, except for time lost due to a physical or mental disability.

The President, in his message to the Congress on October 10, 1978, on "Vietnam Era Veterans" (House Document No. 95–396), emphasized that many educationally disadvantaged and needy Vietnam era veterans have not taken full advantage of their GI Bill education benefits during the 10-year period available to them. In addition, the unemployment rate is higher for Vietnam era veterans who are educationally disadvantaged, members of minority groups, or disabled than for other Vietnam era veterans who are not so situated.

Section 101 would also provide a 2-year extension of the current 10-year delimiting date to permit veterans who served during the Vietnam era (August 5, 1964 to May 7, 1975) to pursue programs of on-job training. This permits such veterans to receive training and have marketable skills to be employed by industry. It also permits Vietnam era veterans who are educationally disadvantaged (who have not received a high school diploma or equivalency certificate) 2 additional years to pursue vocational-technical and high school courses to upgrade their education. Suitable counseling is also provided these Vietnam era veterans to assure they are placed in appropriate training programs.

It is estimated that enactment of this program would cost $54,000,000 in fiscal year 1980 and would cost $179,785,000 over the first 5 fiscal years.

Section 102 would amend section 1663 of title 38 to require counseling for those veterans who seek extended delimiting date benefits under the provisions of section 1662(a)(3)(B) (see section 101 above). Those individuals are believed to be in greater need of guidance and encouragement with reference to utilizing available educational opportunities than other veterans.

Section 103 would amend section 1671 of title 38 to include express authority to disapprove an application for benefits filed by a veteran or serviceperson if enrollment would be precluded under any of the provisions of chapter 36 of title 38.

Section 1671 currently provides, in part, that the Administrator shall approve an application for educational assistance benefits unless the veteran or person is not eligible for, or entitled to, such assistance; the program of education selected fails to meet any of the requirements of chapter 34 of title 38; or the veteran or serviceperson is already qualified. Although we believe the Administrator has the authority to disapprove an application based on an enrollment precluded under chapter 36 [e.g., 38 U.S.C. 1789, 1790, and 1791], this amendment would clarify and expressly codify such authority.

The proposed change provides logical consistency as between the chapter 34 and chapter 36 provisions.

Section 104 proposes three changes to section 1673 of title 38. The first would amend subsection (a)(2) to provide certain revisions in the so-called 50 percent employment reporting rule. Two of the changes would tighten up on the requirements to call for inclusion of

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those who enroll in the course, but discontinue before completion, and require employment in a vocational pursuit that represents the basis for the individual's vocational income. A further change would provide an exemption for many schools which have 35 percent or fewer veterans and dependents enrolled under certain circumstances. The second change to the section would amend subsection (c) dealing with courses pursued by open circuit television. The third would amend subsection (d) with respect to the so-called 85–15 veteran-student enrollment ratio requirements to eliminate the need to include Basic Educational Opportunity Grant (BEOG) and Supplemental Educational Opportunity Grant (SEOG) recipients.

The first change would amend section 1673(a)(2) of title 38, United States Code, to strengthen the 50 percent employment requirement. The proposed amendment would also liberalize the reporting requirements by more narrowly focusing the application of the 50 percent employment test. The current 50 percent employment test provisions require a showing that at least one-half of the persons who completed the course over the preceding 2 years obtained employment in the category for which the course was designed to qualify them. The Change would include in the required one-half those who discontinued the course as well as those who completed it.

This would have a dual effect. On the one hand, it would give schools "credit" for those students who left prior to completion but who, nevertheless, obtained sufficient skills from the course to obtain employment in the qualifying objective. On the other hand, it would eliminate the practice by some schools of disenrolling a student prior to graduation in an effort to avoid having to include the student in the 50 percent employment computation.

Further, the proposed change, by requiring that the qualifying employment constitute the individual's primary vocational pursuit and major source of occupational income, makes the employment test more representative of the effectiveness of the school's training. Thus, it would no longer be sufficient for a school to establish minimum compliance by including in its computation a graduate who, for example, is employed in the occupation for which trained on a limited spare-time or part-time basis.

Finally, the proposed amendment would eliminate continued reporting by schools to justify their having met the 50 percent employment requirement, provided that they have 35 percent or less veteran-dependent enrollment and can show a history of compliance with the employment requirement for the preceding two consecutive reporting periods. These changes are consistent with the legislative changes recommended to improve administration of the 50 percent employment requirement contained in a study entitled "Study of Vocational Objective Programs Approved For the Enrollment of Veterans," a report of which was submitted to the Congress on July 11, 1978 (Senate Committee on Veterans' Affairs Print No. 23, 95th Congress; House Committee on Veterans' Affairs Print No. 147, 95th Congress), as required by section 204 of Public Law 94–502.

Concerning the second proposed change, current law [38 U.S.C. 1673 (c)] provides that the VA shall not pay an educational assistance allowance for a course pursued by open circuit TV unless the open circuit televison training is an integral part of a residence course leading to a standard college degree and the major portion of the course requires conventional classroom or laboratory attendance. While the legislative history indicates that Congress did not intend to permit payment for the television portion of such a course, if the television portion was equal to or greater than the residence portion, the VA has been paying for the television portion equivalent to 1 credit hour less than the residence portion. The allowance for the combination has been computed the same as independent study-resident study combination [38 U.S.C. 1682(e)]. This is appropriate since many independent study courses rely heavily on open circuit television training.

The amendment specifies that regardless of how the open circuit television portion of the course is approved, i.e., part of a residence course or part of an independent study course, (1) payment can be made even if the television training predominates and (2) the method of computation is the same in both cases. This avoids inequities by insuring that similar training would be paid for in a uniform manner and places in the code policy that the VA has established and used for some time.

The third proposed change would amend subsection (d) of section 1673 to eliminate the computing of certain individuals in connection with the so-called 85–15 enrollment requirement.

Public Law 94–502 amended section 1673(d) to provide that the Administrator of Veterans Affairs shall not approve the enrollment of any eligible veteran, not already enrolled, in any course orther than one offered pursuant to subchapter V of chapter 34 (educationally disadvantaged veterans), any farm cooperative training course, or any course described in section 1789(b)(6) of title 38 (courses offered on military bases) for any period during which the Administrator finds that more than 85 percent of the students enrolled in the courses are having all or part of their tuition, fees or other charges paid to or for them by the educational institution, by the Veterans' Administration under title 38 and/or by grants from any Federal agency. The Administrator may, under the law, waive such requirements in whole or in part if the Administrator determines it to be in the interest of the eligible veteran and the Federal Government.

Additional provisions (added by Public Law 95–202) state that 1673(d) shall not apply to any course offered by an educational institution if the total number of veterans and persons receiving assistance under chapters 31, 32, 35, or 36 of title 38 and enrolled in the institution equals 35 percent or less of the total student enrollment at the institution, except that the Administrator may apply the provisions of the law in cases where there is reason to believe that the enrollment of such veterans and persons may be in excess of 85 percent of the total student enrollment in a course.

Previously, funds received from Federal agencies other than the VA were not factors in making the required computation. Since the enactment of Public Law 94–502, numerous groups, organizations and individuals have informed the Congress of what they perceive to be the burdensome effects of the inclusion of Federal grant recipients in the 85–15 ratio computation. These criticisms have continued despite the permanent waiver by the Veterans Administration of the requirement to include all Federal grant recipients, with the exception of Basic Educational Opportunity Grant (BEOG) recipients and Supplemental Educational Opportunity Grant (SEOG) recipients, and the temporary waiver by the Veterans Administration of the requirement to include BEOG and SEOG recipients.

During June 1977, Congressional hearings, representatives of the Veterans Administration were asked if it would be disadvantageous to the Veterans Administration's efforts in curbing abuse to eliminate from the computation of the 85–15 ratio the inclusion of the BEOG and SEOG recipients by legislation rather than through regulation. The Veterans Administration officials responded that the Congress might wish to examine the implications of such a move. The VA was, therefore, directed (section 305(a)(3) of Public Law 95–202) to conduct a study of the effects of the requirements. The results of this study were made available to the Congress on November 16, 1978 ("The Necessity and Desirability of Including Recipients of Federal Grants Other Than From the Veterans' Administration in the 85–15 Ratio Computation"; Senate Committee on Veterans' Affairs Print No. 28, 95th Congress; House Committee on Veterans' Affairs Committee Print No. 168, 95th Congress).

This study concluded that:

(1) Prior to the change in the law requiring the inclusion of BEOG and SEOG recipients in the 85–15 ratio computations, the 85–15 ratio requirements were generally effective in preventing abuses found in schools with all-veteran and all-eligible person enrollments;

(2) A significant number of educational institutions do not have the administrative capability to report the ratio with BEOG and SEOG students included; and

(3) The integrity of the program could be maintained without inclusion of BEOG and SEOG students.

Based upon these findings, the study recommended that the law be amended to rescind the requirement that recipients of BEOG or SEOG benefits shall be considered in computing 85–15 ratios. This recommendation is incorporated in the proposed change suggested here.

Section 105 would amend section 1674 of title 38 by removing the provision linking satisfactory progress with course completion time.

The statutory standard for satisfactory progress contained in section 1674 has proved unworkable. It has imposed significant administrative burdens on schools, led to some anomalous and unjust results for students (requiring exercise of VA discretionary waiver authority), and been a great source of friction between the VA and the collegiate educational community.

The wisdom of having separate standards of progress for veterans is questionable. Such standards are not only burdensome, but also may appear discriminatory. On balance we believe it is preferable to rely on school standards applicable to all students, provided such standards are enforced.

Sections 1775 and 1776, as amended by Public Law 94–502, require that schools have, publish, and enforce standards of progress in order for their courses to be approved. Further, section 1780(a)(4) now prohibits payment of educational assistance for pursuit of a course not counted toward graduation requirements. These provisions, when coupled with effective oversight by the State approving agencies and the VA, should substantially reduce abuses related to standards of progress. Clearly, such provisions will not tolerate school standards of progress which permit retention of a student whose record reflects only failing grades.

We believe that the published standards of progress of most accredited colleges and universities, together with the mentioned provisions of sections 1775, 1776(b) (6) and (7), and 1780 (a)(4), should be sufficient to avoid abuse. Consequently, we recommend that the completion time standard of section 1674 be deleted.

This amendment is consistent with the findings, conclusions, and recommendations contained in the study, required by section 305 of Public Law 95–202 entitled "Progress or Abuse—A Choice." This study investigated the need for legislative and administrative actions regarding standards of progress provisions of the GI Bill and class session requirements of the Veterans' Administration Regulations, and was transmitted to the Congress on December 6, 1978 (House Committee on Veterans' Affairs Print No. 170, 95th Congress; Senate Committee on Veterans' Affairs Print No. 30, 95th Congress).

Section 106 proposes a restructuring of section 1676 of title 38. The change clarifies the requirements under which foreign training may be pursued.

Current law (38 U.S.C. 1676) provides that an eligible veteran may pursue a program of education at an educational institution not located in a State only if such institution is an approved institution of higher learning. However, the statutory definition of the term "institution of higher learning" [38 U.S.C. 1652(f)] does not embrace schools located in a foreign country. Rather, it refers to schools empowered by *State* educational authority under *State* law to grant a degree or, when no such law exists, schools accredited for degree programs by a recognized accrediting agency.

In order to correct this inconsistency (an apparent oversight when the definition of "institution of higher learning" was added by Public Law 94–502 § 202), the proposed amendment clarifies, in subsection (a), the nature of the foreign course enrollment permitted. The change allows enrollment only in a foreign school which is recognized to be comparable essentially to a fully recognized degree-granting institution by the appropriate foreign education authority, and is approved by the Administrator. We believe this would be consistent with the Administrator's statutory responsibility for approving courses offered by such institutions [38 U.S.C. 1772(b)].

In some cases, eligible veterans may have been unable to use their educational benefit entitlement because they resided in a foreign country, or because they wanted to pursue a college level program of education not leading to a standard college degree, which was available only at an educational institution located in a foreign country. The proposed change would allow relaxation of the foreign training restriction to permit receipt of educational benefits in those institutions recognized by the foreign government's commissioner of education (or the equivalent) as being equatable to a standard college degree course, and is approved by the Administrator.

The proposed new subsection (b) contains the existing provision of section 1676 which gives the Administrator discretionary authority to deny or discontinue the educational benefits of an eligible veteran enrolled in a foreign educational institution when such enrollment is found not to be in the best interest of the veteran or the Federal Government.

Section 107 proposes three modernizing changes to section 1682 of title 38. The first would amend subsection (d) to grant the Veterans Administration authority to pay veterans educational assistance allowance benefits where they are pursuing continuing education courses which are required for relicensure or continued employment. The second would add a new subsection (f) providing for the method of payment of benefits where a veteran is pursuing a program of education in part by open circuit television. The third would add a new subsection (g) to provide special educational assistance allowance payment procedures for incarcerated veterans in training under chapter 34.

The first proposed change to section 1682 would amend clause (1) of subsection (d) to permit payment of educational assistance to otherwise eligible veterans for continuing education required by Federal, State, or municipal law for relicensure or continued employment.

Currently, section 1671 of title 38 prohibits approval of educational assistance for any program for which the veteran is already qualified. However, persons increasingly are being denied employment or are prevented from attaining relicensure in various occupations unless they take specified courses. Continuing education is now being emphasized in a number of professions, most notably the medical and legal professions.

Cause (2) of subsection (d) would be amended to reflect that payment for the continuing education authorized by the previous clause shall be at the same rate as is applicable to the pursuit of refresher training.

The second proposed change to section 1682 would add a new subsection (f) providing, as noted above, for the method of payment of benefits where a veteran is pursuing a program of education in part by open circuit television. The change here would carry out the change in approval of such training proposed in section 1673, which is discussed above in section 104.

If the course consists of a combination of open-circuit television training and residence training, the manner in which payment of benefits shall be computed is the same as programs in which the training is partly independent study and partly residence training. Thus, if the majority of the course is by open-circuit television, or if the two portions are equal, the credit assigned for the open-circuit portion is to be reduced to one less than the credit for the residence portion. The two portions are then combined and benefits are computed in the usual manner as for residence training. If, on the other hand, the open-circuit portion is less than the residence portion, the credit hours of each are merely combined and benefits are computed for the combined credit hour load as though the entire course were residence training.

Turning to the third proposal, current law [38 U.S.C. 1681(a)], provides for payment of monthly educational assistance allowances to veterans pursuing programs of education. The monthly allowance includes funds to meet, in part, the expenses of the veteran's subsistence, tuition, fees, supplies, books, equipment, and other educational costs. Under the proposal, where an incarcerated veteran is pursuing his or her program of institutional training on less than a half-time basis, he or she would be paid only for the cost of the tuition and fees. This would be the same as the provision in current law applicable to service personnel and other veterans pursuing programs on less than a half-time basis.

Where the incarcerated veteran is pursuing his or her program on a half-time or more basis, the veteran is, under current law, paid the statutory amount based upon the amount of pursuit. Thus, in such cases, the incarcerated veteran is having his or her subsistence paid for by the prison officials and is, in addition, receiving what amounts to subsistence payments from the Veterans Administration. The proposal would limit the payment of the educational assistance allowance directly to incarcerated veterans without dependents to the cost of tuition and fees, plus books. Any excess would be withheld by the VA to be paid to the veteran at the time of his or her release from prison.

In those cases where the veteran has dependents, the veteran's costs would be paid directly to the veteran as indicated above with the excess to be withheld to be paid upon release from incarceration, unless the veteran specifically authorizes release of part or all of such excess to his or her dependents. In any case, dependents would be paid that portion of the educational assistance allowance payable on account of dependents.

A number of complaints have been received from prison officials concerning excess funds paid to prisoners by the VA. They have advised that this additional money has caused problems with regard to narcotics, thefts, et cetera. This provision would help the family while the veteran is in prison, assist the veteran on release from incarceration. and alleviate some of the morale problems created by the availability of these funds to prisoners.

TITLE II—SURVIVORS' AND DEPENDENTS' PROGRAM ADJUSTMENTS

Section 201 would amend section 1712(b)(2) of title 38 to incorporate into chapter 35 the same limitations on filing claims for extensions of delimiting dates where the individual has been unable to pursue his or her program of education because of a physical or mental disability as are contained in section 101 of the draft bill.

Section 202 would amend section 1721 of title 38 to clarify and expressly codify the Administrator's longstanding authority to disapprove an application if enrollment would be precluded under any of the provisions of chapter 36. A similar amendment to section 1671, for veterans training under chapter 34, is provided in section 103 of the draft bill.

Section 203 proposes three changes to section 1723 of title 38. The first change would establish the same 50 percent employment requirements for approval of the enrollment of an eligible person in vocational courses under chapter 35 as are applicable to veterans under chapter 34 as proposed in section 104 of the draft bill. The second change would incorporate into chapter 35 the same provisions for approval of training in open circuit television courses as are contained in the proposed amendment to section 1673, also set forth in section 104 of the draft bill. The final proposed change would delete from subsection (c) of this section the provisions relative to approval of the pursuit of foreign training by an eligible person, and would add a new subsection (e) at the end of the section containing provisions dealing with such training.

Such provisions would incorporate into chapter 35 the same restrictions on pursuit of foreign training, and provisions for denying or discontinuing educational benefits for pursuit of such training as are contained in the proposed amendment to section 1676 set forth in section 104 of the draft bill.

Section 204 would amend section 1724 of title 38 by deleting the statutory definition of what constitutes unsatisfactory progress. This proposed change to the standards of progress requirements for eligible persons under chapter 35 is similar to the proposed amendment to section 1674 of title 38 governing veterans training under chapter 34. The rationale for the change to section 1724 is the same as for the change to section 1674 discused in the analysis of section 105.

Section 205 would amend section 1731 of title 38 to make chapter 35 educational assistance payment requirements conform with those of chapter 34. The proposed change amends section 1731(a) to show that not every eligible person must have a guardian and that payment may be made directly to the eligible person whether that person is the child or spouse of the veteran. Second, the proposed change replaces the present language of section 1731(b) with language similar to that found in section 1681(b) governing payment of educational assistance to eligible veterans.

Current law [section 1731(a)] authorizes the Veterans Administration to make advance payments of educational assistance allowance to eligible persons training under chapter 35 provided the requirements of 38 U.S.C. 1780 are met. However, section 1731(b) bars the payment of benefits to eligible persons pursuing courses not leading to a standard college degree for any period until the Administrator recives certifications from the person and the school as to the individual's enrollment in and pursuit of the course of education during the period for which payment is to be made.

Whatever justification there may have been for these seemingly inconsistent provisions certainly no longer exists. Eligible persons under chapter 35 share with eligible veterans under chapter 34 the same needs which the advance payment statute was expressly designed to meet. Moreover, we can conceive of no greater abuse potential by the former than by the latter. Administrative control is assured, in any case, since the Administrator has authority under redesignated section 1780(f) to set requirements for certification of attendance and pursuit and to withhold payment until such justification is received.

Thus, the amendment would equalize treatment of eligible veterans and eligible persons. It would also reduce the burden on schools and the Veterans Administration in processing certifications of attendance and pursuit.

Section 206 proposes to make two amendments to section 1732 of title 38, United States Code. The first would incorporate into the chapter 35 program the same provisions on payment of open circuit television training as are provided for veterans in the proposed amendment to section 1682 which is discussed in section 107 of the draft bill. The second would impose restrictions on payment of chapter 35 benefits to incarcerated individuals similar to those imposed on veterans without dependents in the amendment to chapter 34 also discussed in section 107 of the draft bill.

TITLE III—ADMINISTRATIVE ADJUSTMENTS

Section 301 would amend section 1780(a) of title 38 to make three changes. The basic purpose of these changes is to clarify the period of pursuit for which educational assistance is payable and the Administrator's authority to determine the type, character and extent of pursuit of any program of education for which the eligible veteran or person receives an educational assistance allowance.

The first change to be proposed in clause (1) of the subsection restores language which appeared in the statute prior to its amendment by Public Law 92-540 in 1972. Prior to that time, separate sections pertaining to measurement were located in both chapters 34 and 35. In the 1972 enactment the two provisions were consolidated into one section which was then placed in chapter 36 of title 38, a chapter previously reserved for administrative provisions. In the consolidation, the words "and pursuit" were dropped from the language. This change will restore the omitted words and assure that students are paid only during periods of actual pursuit of training subject, of course, to the specific exceptions provided in paragraphs (A), (B), and (C) of subsection (a).

The second proposed change to clause (1) of subsection (a) of the section is intended to clarify and emphasize that no educational assistance allowance shall be provided to an eligible veteran or person for any period for which the Administrator determines, pursuant to regulations promulgated under redesignated section 1780(f) of this title, that the individual is not pursuing his or her course.

The third change proposed interrelates with the two previously proposed changes. The purpose is to codify VA regulations and the practice that benefits are paid only for actual course pursuit. Although these practices have been challenged, the court in *Wayne State* v. *Cleland* has confirmed the VA's traditional authority to determine the nature and extent of course pursuit for which benefits are payable. In the light of this longstanding approved authority, we are codifying it in this proposed change. Thus, for example, when a unit subject requires pursuit on an accelerated basis for a few days during only 2 weeks of a 10-13 week quarter, and the school, for administrative purposes, considers the enrollment period for such subject to be the entire quarter, the period of benefit payment, nevertheless, shall be limited to the 2-week period of actual required pursuit.

Section 302 would amend section 1780(g) of title 38 and redesignate it as section 1780(f) to emphasize further the authority of the Administrator to define, for payment purposes, the enrollment in, pursuit of, and attendance at programs of education.

Although the Veterans Administration has no authority nor desire to regulate the policies and regulations established by an educational institution for its own purposes, it clearly has both the authority and the obligation to define and determine the course enrollment, pursuit, and attendance consistent with congressional intent concerning the circumstances under which educational benefits may be paid.

Section 303 would amend section 1784 of title 38 to require educational institutions to report facts of which they have knowledge, or of which they through the exercise of reasonable diligence should know, which indicate that the course or the school does not comply with the requirements of chapters 34, 35, and 36 of title 38.

Under the existing provisions of section 1785 of title 38 a school may only be held liable for overpayments, if the overpayment results from willful or negligent failure to report or from a false report. Most VA reports relate to the facts of the particular veteran or eligible person. In some cases payments are made by the VA based upon an erroneous belief that the school and course are in compliance with the law. Not all such violations of the law are specifically reportable to the VA. They may only be an implied part of the certification as to the student. Thus, a school could make enrollment reports that are technically accurate, yet the veteran or eligible person should not have been paid because the school or the course does not meet the legal requirements of chapters 34, 35, and 36. If the school knew, or should have known of the defect, it should be consistent with the congressional intent of section 1785, liable to the VA for the overpayments unless it makes the facts known to the VA.

The section is also amended to indicate that veterans and eligible persons shall report changes in status. The reason for this change is more fully explained in connection with the explanation to section 304 below. The table of cases is amended to reflect the revised headings.

Section 304 amends section 1785 of title 38 to require of veterans and eligible persons the same duties to report changes in status that are required of educational institutions.

Section 1785 imposes liability directly on the schools for the enumerated acts but no similar explicit duty is required in that section of the veteran or eligible person. We have long provided by regulations that the veteran or eligible person must report changes in status timely and truthfully. The proposed amendment will simply codify this longstanding practice. In each of these two situations direct, explicit statutory provisions should be included in title 38.

Section 1785 is also amended to clarify that the veteran or eligible person and the educational institution are jointly liable to the VA for overpayments. In some cases schools have objected to being held liable for overpayments as to which the veteran is absolved by waiver as authorized by section 3102 of title 38. This amendment codifies traditional practice that the school is not only jointly liable, but that the Federal Government has the legal right to seek its remedy from the school alone, if a veteran has been granted a waiver.

Section 305 amends section 1788(a) of title 38 to codify and clarify the full-time measurement standard embodied in clause (4) of subsection (a) and the category of courses which such standard is intended to embrace.

The amendment limits the application of section 1788(a)(4) to those undergraduate collegiate degree courses pursued in residence on a standard quarter- or semester-hour basis. The term "in residence on a standard quarter- or semester-hour basis" is expressly defined in the amendment as requiring pursuit of regularly scheduled weekly class instruction on campus at the rate of one standard class session per week throughout the semester for one semester hour of credit. This standard traditionally has been followed by the majority of collegiate institutions and remains the generally accepted quantitative measure of course pursuit.

The Congress recognized this tradition when it first established the minimum credit load to be considered full-time pursuit for VA educational benefit purposes. Since it was commonly accepted that each collegiate hour of credit required 1 hour of class and 2 hours of outside preparation each week, the time, resources, and energy required of the student pursuing 14 semester hours warranted the full-time assistance allowance provided. Moreover, such application of time toward educational pursuit roughly equalled that of the full-time student pursuing other forms of training. Thus, a 14 semester hour minimum for full time not only was consistent with full-time measurement standards in the collegiate community, generally, but also was on a par with the pursuit required of noncollege course students for full-time benefits.

The Congress subsequently liberalized the minimum credit load which could be considered full-time in certain circumstances to less than 14 but not less than 12 semester hours or the equivalent. This was done in recognition of a substantial change in certain college enrollment practices and veteran needs. It is important to note, however, that this limited statutory acceptance of a lesser number of credits considered full time did not affect the character or extent of pursuit which the Congress expected such credits to represent.

The Congress intended that the term "semester-hour" as used in the statute be construed in its traditional sense. And, since the enactment of the Korean conflict GI Bill, the Veterans Administration has consistently interpreted and implemented the statutory course measurement provision for institutional undergraduate courses offered on a quarter- or semester-hour basis in this manner.

However, some within the educational community recently have challenged the VA Administrator's authority to apply the traditional credit-hour measurement standard to "nontraditional" courses which they claim have been structured to meet the special needs of their student population. These schools contend that section 1788(a)(4) requires that the VA pay full-time educational assistance allowance when the school, not the VA determines that the veterans is a full-time student. They complain that the VA has ignored innovations in educational approach and has unlawfully intruded into their academic affairs. A few have gone to court to prevent the VA from implementing any class session requirements.

We want to emphasize that the VA has not imposed and has no intention of imposing its determination of what constitutes full-time training on any school. We do, however, have both the right and the responsibility to determine the proper statutory rate of benefits which the Congress intended would be paid a veteran based on the nature and extent of such veteran's pursuit of an approved program of education.

Further, the Congress and the VA have taken notice of certain "nontraditional" approaches to education. The Congress, for example, has expressedly recognized independent study programs and enacted special provisions governing the rate of educational assistance payable for pursuit of such courses [38 U.S.C. 1682(e)]. Whether other collegiate programs which do not fit the traditional mold are entitled to similar legislative recognition is a matter of congressional determination.

The Administrator's interpretation and implementation of section 1788(a)(4) were recently confirmed in the case of *Wayne State Uni-*

versity v. Cleland, 440 F. Supp. 811 (E.D. Mich. 1977), rev'd & remand'd, Nos. 78–1141, 78–1142 (6th Cir. Dec. 21, 1978). Although this decision by the Sixth Circuit establishes a strong precedent, we believe that a statutory codification of the VA's longstanding policies and practices in determining such course measurement will ensure nationwide uniformity of application and eliminate any further misunderstanding.

Section 306 amends section 1788(a) of title 38 to clarify that the provisions of clauses (1) and (2) thereof which reduce the number of clock hours of attendance required for payment of full-time benefits in the case of courses "approved pursuant to section 1775 of this title" are limited to courses accredited by nationally recognized accrediting agencies.

The legislative history of both section 509 of Public Law 94–502 and section 304 of Public Law 95–202 clearly shows that the Congress, in enacting the mentioned liberalized measurement provisions, intended to limit such measurement to approvals under section 1775(a)(1); i.e., courses accredited and approved by a nationally recognized accrediting agency or association. For example, in the Senate report on S. 969 (S. Rept. No. 94–1243, page 127), which bill was ultimately enacted as Public Law 94–502, it was noted that:

> The Committee, in permitting a reduction in clock hours; expressly excludes supervised study in computing the required number of hours. This new measure is limited to schools accredited by nationally recognized accrediting agencies and approved pursuant to section 1775. The Committee has been assured by representatives of those applicable accrediting bodies that such clock-hour reduction will not result in the diminution of the quality of courses offered. Accordingly, the Committee expressly intends that such accrediting bodies take appropriate measures so that this does not occur. Any evidence to the contrary will result in prompt Committee reevaluation of the amendments made by the section.

The congressional intent was reaffirmed with the further amendment of such provisions by Public Law 95–202. (See S. Rept. No. 95–468, 95th Congress, 1st Session, pages 86–87.) The present amendment simply perfects the expression of such intent.

Section 307 would amend section 1795 of title 38 to provide that limitations on periods of educational assistance under two or more VA programs shall include chapter 32.

Section 1795 limits total entitlement accorded a person eligible under two provisions of law to 48 months. However, subparagraph (4), which was enacted earlier in time, fails to include the new chapter 32 program in this limitation. Thus, a veteran eligible for 36 months of benefits under chapter 32 could also, if eligible, receive an additional 48 months under chapter 31 or 45 more months under chapter 35. The amendment, thus, includes chapter 32 to be consistent with the congressional intent of section 1795 relating to multiple benefits.

Section 308 of the draft bill merely amends chapter 32 to reiterate the change to the rule regarding multiple program eligibility made by section 307.

TITLE IV—REPEAL OF AUTHORITY FOR PURSUIT OF FLIGHT AND CORRESPONDENCE TRAINING

Title IV of the draft bill contains numerous amendments to chapters 32, 34, 35 and 36 of title 38 proposing to terminate the authority for pursuit of flight training by veterans and pursuit of correspondence training by veterans, spouses, and surviving spouses. The changes would repeal the basic authority (sections 1677 and 1786) for pursuing these forms of training and would also eliminate the numerous references made in other sections of title 38.

Chapter 34, title 38, currently provides for payment of 90 percent of the tuition charge to eligible veterans for flight training. Correspondence programs are administered under the provisions of chapter 36 of title 38, which also require the Veterans Administration to pay 90 percent of the established charges. Chapter 32 requires 100 percent reimbursement for individuals training under that program.

Our years of experience in administering education programs for veterans and their survivors convince us that flight and correspondence courses have not fulfilled their intended purpose—helping the beneficiary adjust to his or her changed circumstances by providing the training required for basic employment. In both cases there is ample evidence that the training does not lead to jobs for the majority of trainees and that the courses tend to serve avocational, recreational and/or personal enrichment, rather than basic employment objectives. In this connection see the Veterans Administration study entitled "Training By Correspondence Under The GI Bill, An In-Depth Analysis" submitted to the Senate Committee on Veterans' Affairs on August 10, 1976 (Senate Committee Print No. 49, 94th Congress, 2d Session).

On July 11, 1978, the Veterans Administration sent Congress its "Study of Vocational Objective Programs Approved for the Enrollment of Veterans," prepared pursuant to Section 204 of Public Law 94–502 (Senate Committee Print No. 23, 95th Congress; House Committee Print No. 147, 95th Congress). This report contains the most recent compilation of data relative to the effectiveness of the flight and correspondence training programs. It is our view this study supports the conclusion that flight and correspondence training are not achieving their intended purpose, i.e., to help provide a source of continuing substantial professional employment.

For example, in the area of flight training, the study points out that although completion rates are high (an average of 76 percent), graduates are quick to accept very limited, part-time employment for the purpose of free or reduced-rate flying rather than for professional employment. The 50 percent employment requirements of 38 U.S.C. 1673(a) do not specify whether job placement needs to be full time and we have found that a number of schools, especially flight schools, have used this lack of definition to achieve high placement ratios in technical compliance through the use of graduates as part-time instructors. Thus, the study concluded that although placement data for flight schools appear to be high, based on statistics representing technical compliance with the law, in terms of full-time paid jobs, placement is much lower.

The most recent correspondence completion statistics (a 1976 study) indicate that completion rates for vocational courses offered by correspondence averaged as low as 41 percent.

We believe that the ineffectiveness of these two programs in achieving their intended purpose, along with the potential for abuse within the programs, merits their termination.

It is estimated that repeal of authority to pursue flight and correspondence programs would result in direct benefits savings of $57,849,000 in fiscal year 1980 and in direct benefits savings over the first 5 fiscal years of $213,509,000.

In the amendment of section 1641 of title 38 (section 401 of the bill), we have deleted references to the flight and correspondence training sections of chapters 34 and 36. In addition, we have added a new reference to section 1663. The effect is to authorize the Veterans Administration to furnish counseling to those individuals eligible for benefits under this chapter who wish to apply for such assistance. We believe counseling should be made available to these individuals to assure they are pursuing a program of education appropriate to their needs.

TITLE V—REPEAL OF AUTHORITY TO PURSUE PREDISCHARGE EDUCATION TRAINING (PREP) UNDER CHAPTER 32

Title V of the draft bill would provide for termination of the Predischarge Education Program (PREP) provided under the chapter 32 contributory education program for servicepersons. The basic authority [38 U.S.C. 1631(b)] would be repealed. In addition those provisions of chapters 34 and 36 containing the authority to carry out the PREP program under chapter 34 are also eliminated. That program was terminated by section 210(5) of Public Law 94–502 by barring any enrollments or reenrollments after October 31, 1976. The provisions of chapters 34 and 36 were left in title 38, however, to form the basis for implementing the chapter 32 program.

Current law (subchapter III of chapter 32, title 38) provides Veterans Administration educational assistance to aid servicepersons to prepare for their future education, training or vocation by providing them with the opportunity to enroll in and pursue a program of education authorized by subchapter VI of chapter 34 during the last 6 months of the individual's first enlistment.

The Department of Defense administers an All-Volunteer Army. To attract qualified men and women into the all-volunteer military forces, the military services recognize that they must provide effective inducements, among which educational opportunity is one of the most attractive.

The proposal would terminate the Predischarge Education Program prior to the enrollment of any potentially eligible individuals to pursue such courses. The continued need for PREP is no longer apparent. Today the Department of Defense operates viable inservice education programs. These benefits, which range all the way from vocational training through graduate work, are available in the military service.

The Department of Defense concurs in the amendment believing that adequate inservice education programs are available and the continuance of PREP would duplicate efforts of these programs and contribute little to the military mission.

It is estimated that repeal of the authority to pursue PREP programs would result in direct benefits savings in Fiscal Year 1980 of $1,025,000 and in direct benefits savings over the first 5 fiscal years of $8,241,000.

TITLE VI—MISCELLANEOUS

Section 601 would amend section 3503 of title 38 to delete the exception to the general forfeiture rule found in subsection (d) of current law.

Section 3503 of title 38 provides, in part, that any individual who in any way perpetrates a fraud under any of the laws administered by the VA, except insurance benefits, forfeits any claim or potential claims for VA benefits. Subsection 3503(d) limits the application of forfeiture after September 1, 1959, to individuals residing or domiciled outside a State at the time the act occurred, unless such individual ceases to be a resident or domiciled abroad prior to the statute of limitations tolling for a criminal offense.

Prior to the enactment of Public Law 86–222, effective September 1, 1959, veterans could be subject to forfeiture within a State. Congress felt that the forfeiture procedures subjected an individual to double jeopardy, forfeiture of VA benefits, and punishment under the fraud statute. Congress limited forfeiture to offenders living abroad who were outside the jurisdiction of United States courts.

However, subsequent experience demonstrates that such jeopardy is infrequent. The Veterans Administration rarely is able to successfully pursue fraud cases against the debtor. In part this is due to the reluctance of the Department of Justice or the courts to enforce such actions. As a result, a number of veterans do not believe they will be penalized for their fraudulent acts and persist in consciously accepting money under fradulent circumstances. We believe that the overpayments problem could be remedied, in part, if forfeiture was available as a deterrent.

The effect of the amendment is to reinstate forfeiture where the veteran is residing or domiciled in the United States and obtains educational assistance benefits through fraud by seeking monetary benefits that he or she would not otherwise be entitled to receive from the Government.

TITLE VII—TECHNICAL AMENDMENTS—EFFECTIVE DATE

Section 701 would amend section 1740 of title 38 to insert immediately after "person" the following: "(as defined in section 1701(a)(1)(A) of this chapter)". This clarification would assure that the special restorative training program authorized by Subchapter V of chapter 35 of title 38 is applicable only to the children of veterans and is not designed to apply to spouses or surviving spouses. This would merely assure that the beneficiaries of the special restorative program are those who are intended to benefit from this program.

Section 702 proposes a technical change in section 1790(b)(2) of title 38. The subsection requires the Administrator to give notice to veterans and eligible persons where action is taken to discontinue benefits to such individuals. We believe it is clear that the correct word to be utilized in the last sentence of the subsection is "for" rather than the word "therefor" which was enacted in section 306, Public Law 95–202.

Section 703 contains two proposed technical changes to be made in specified sections of Public Law 95–202. In enacting subsection (b) of section 305 of that law, Congress inserted four separate clauses. In the first, it provided changes in sections 1674 and 1724 of title 38 dealing with regulations to be issued by the Administrator concerning standards of progress. In the second, it called for a study to be made concerning standards of progress. In the third, it authorized the appropriation of $1,000,000 for the conducting of the study provided in clause (2). However, instead of properly citing clause (2), relating to the study, the law inadvertently cited clause (1). This change merely provides the correct citation.

The second proposed correction is an amendment to section 401(a)(1)(B) of Public Law 95–202 and is designed to correct the present language which reads "honorand" to properly read "honorable". This merely corrects what appears to be a printer's error occurring at the time the enrolled enactment was printed.

Section 704 of the measure provides that its provisions shall take effect on October 1, 1979, or the first day of the second calendar month following the date of enactment, whichever occurs later.

COMMITTEE ON VETERANS' AFFAIRS, HOUSE OF REPRESENTATIVES

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., July 10, 1979.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: We are transmitting with this letter a draft bill to amend title 38 of the United States Code to permit disclosure of names and addresses and other information maintained by the Veterans' Administration to a consumer reporting agency for certain debt collection purposes. This amendment is necessary in order for the Veterans' Administration to pursue additional methods of locating veterans' benefits debtors, and in appropriate cases, to affect their credit standing if they fail to cooperate with agency debt collection, compromise, or waiver procedures.

As you are aware, there is a great interest concerning the willingness and ability of the Federal Government to collect the sizable debts owed to it. This has been reflected by the President and is in evidence in the Congress, and amongst the public generally. The Veterans' Administration is very concerned with this problem, as it pertains to VA programs, and is very interested in obtaining authority to pursue collection or other resolution of these debts in as effective a manner as is reasonably possible. We have examined and implemented new methods to reduce the amount of indebtedness created and to achieve increased collection effectiveness on debts which may continue to arise. We are also working on other initatives which will permit greater utilization of existing Federal resources to locate debtors and administratively recover moneys owed to this agency. Currently, we are referring administratively uncollectable debts in excess of $600 to the Department of Justice for further collection efforts, including civil proceedings. We are working closely with Justice in an effort to assist U.S. attorneys pursuing these debtors, and we believe that this method of debt collection should increase our collections in this area. However, the number of debtors and the costly, time-consuming process of bringing a civil proceeding is a burdensome method of collecting debts. Moreover, many debts cannot be referred in this manner because the amount owed is less than $600 or because of other factors which decrease the likelihood of successfully obtaining a civil judgment. Debts of less than $600 are not referred to the Department of Justice because regulations issued jointly by GAO and the Department of Justice limit referrals to those cases in excess of $600 due to cost effectiveness considerations. 4 CFR section 105.6.

COMMITTEE ON VETERANS' AFFAIRS, HOUSE OF REPRESENTATIVES

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., May 11, 1979.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Enclosed is a draft bill entitled the "Disabled Veterans Rehabilitation Act of 1979" which we request be introduced and receive favorable consideration.

In the enactment of Public Law 95–202, the Veterans Administration was called upon to conduct a thorough study of the provisions of the veterans' vocational rehabilitation program with a view to making recommendations for legislative changes in the program. This study was completed and submitted to the President and the Congress on September 26, 1978 (Senate Committee on Veterans' Affairs Print No. 26, 95th Congress; House Committee on Veterans' Affairs Print No. 167, 95th Congress). This study found that the veterans' vocational rehabilitation program was essentially patterned after the original program in 1943 and was in need of substantial revision and modernization.

The findings and recommendations of this study were adopted by the President in his message to the Congress on the status of Vietnam era veterans submitted October 19, 1978, when he concluded that the current chapter 13 vocational rehabilitation program required "major updating." The proposed legislation submitted here contains the revisions the President pledged in order to "modernize and improve" that program. A general description of the major changes proposed in the draft bill is followed by a more detailed section-by-section analysis.

Our program of vocational rehabilitation was designed in 1943 when it was a progressive and responsible formulation and has generally served disabled veterans well for more than 30 years. Nevertheless, the program needed a review to take advantage of what has been accomplished in rehabilitation during the intervening three decades. Congress in requiring the study, directed the VA to analyze its authority in comparison with that of the Rehabilitation Act of 1973, administered by the Department of Health, Education, and Welfare. Our study concluded that an updating of our own rehabilitation authority is necessary and appropriate.

Title I of the Disabled Veterans Rehabilitation Act of 1979 sets forth our proposed revision of existing chapter 31 of title 38, United States Code, substituting the new provisions we recommend to update and modernize this program.

Current law limits the purpose of the vocational rehabilitation program to restoring a veteran's employability lost by virtue of a handicap due to a service-connected disability or disabilities. We firmly believe, and our study confirms, that the purpose of this program should encompass, not only the achievement of employability, but also entry into and adjustment in, suitable employment, including self-employment where appropriate. Such revision would be consistent with the generally accepted goal and criterion of vocational rehabilitation. It would also be consistent with current practice under which the rehabilitative agency is seen as the most effective agent for carrying the process of vocational rehabilitation to its completion.

The present chapter 31 definition, which equates vocational rehabilitation with training, including educational and vocational counseling, tutorial assistance, and necessary incidental services, is incomplete in two important areas. First, it omits certain essential services. At present, it does not include employment placement and adjustment services necessary for the achievement of actual employment. In addition, the current definition equates vocational rehabilitation with training, and has been interpreted to mean that for veterans whose physical or emotional condition is such that training is not currently feasible, there is no provision for vocational rehabilitation services. Thus, under existing law, pretraining services have not been provided for veterans whose training and vocational goal is indeterminate.

Second, the current definition is a fragmented concept of vocational rehabilitation and, as such, is not consistent with current rehabilitation concepts and philosophy, which considers rehabilitation to be a unified, multidisciplinary process. Consequently, it promotes the provision of VA vocational rehabilitation services as separate services, rather than as integrated and coordinated components of an overall process. The proposed definition in the draft measure includes all services needed—pretraining, training, and posttraining—beginning with the identification of the handicapped service-disabled veteran and continuing with his or her rehabilitation into employment.

A third important area recognized in our study was the general time limitation imposed on the current program. We believe that time limits on eligibility should be eliminated for all service-disabled veterans who are otherwise eligible for, and in need of, vocational rehabilitation. We have, therefore, included in the draft proposal provisions for services at any time the disabled veteran needs them to obtain employment. This would allow us to extend assistance to those older veterans whose conditions may have worsened and affected their employability.

Two other areas identified as requiring improvement are counseling and guidance. In our draft proposal we have provided for the counseling needs of veterans throughout the vocational rehabilitation process. In addition, we have recognized the need to ensure the timely initiation of vocational rehabilitation counseling and planning services for service-disabled veterans in VA Medical Centers as well as the need to provide the continuity of assistance needed when the veteran returns to the community.

We further believe there is need to raise the present 48-month limit on training because of changed educational practices as to the number of semester credit hours constituting full-time study. Under current practice, 45 months, instead of 36, may be needed to complete an undergraduate program, and 18 months, instead of 12, may be needed to achieve a master's degree. Since the master's degree is needed for entry into many professional occupations, it is the appropriate level of training required for the complete restoration of employability in a number of chapter 31 cases. It is proposed, therefore, that the present 48-month limit be increased to 64 months.

We have also included in the draft bill new provisions for direct financial assistance to employers in individual veteran cases where payment of additional incentives is required to provide on-job training slots which, without such an incentive, would not be available. We have also provided that payment of the 2-month postrehabilitation subsistence allowance shall be made at full-time rates to provide sufficient benefits to allow the veteran to devote full time toward finding suitable employment in the objective for which rehabilitation has been provided. This is especially necessary for those veterans who had been training on a half-time basis! And, we have included authority to pay institutional rate benefits to those individuals in nonpay training in Federal agencies. The on-job rate presently provided is not sufficient in that it fails to recognize that, unlike other on-job training, this pursuit pays no wage. The Disabled Veterans Rehabilitation Act of 1979 would also raise the revolving fund loan maximum from $200 to $400 to aid the veteran meet emergency financial needs which may jeopardize his or her ability to begin or continue training.

We also believe that ongoing training and other staff development activities for VA counseling and rehabilitation staff are essential to ensure that the practices and methods utilized in the veterans' vocational rehabilitation program are in accord with the most modern concepts and advanced knowledge available in the field of rehabilitation. Such training is thus authorized by the measure. It is intended that the VA and State-Federal programs coordinate planning and execution of staff training in those areas of joint program concern.

Research is essential to the acquisition and development of new knowledge and improved techniques and methods for vocational rehabilitation of handicapped veterans, especially the most severely handicapped. We therefore have included authority in the proposed bill to permit us to carry out projects which would improve the quality of our program.

Additional changes in chapter 31 are discussed in the enclosed section-by-section analysis.

Title I also amends other provisions of title 38. In section 102 we have provided that when a veteran is eligible for chapter 31 assistance but elects to train under the GI Bill (chapter 34) that we can provide necessary rehabilitation services. Under the provisions of chapter 31 we pay the veteran's full tuition and fees plus a monthly subsistence allowance. Nevertheless, many disabled veterans attending State funded schools, where tuition and fees are fairly low and are, therefore, not a real factor, elect to train under the chapter 34 program because the assistance rate payable is higher, even though they must pay their own tuition and fees. This has the effect of denying them the additional services provided to a chapter 31 trainee. Since our goal is to ensure that all compensable service-disabled veterans benefit from the services provided under chapter 31, the change proposed here would allow the veteran appropriate services even though he or she is training under chapter 34.

Title II of the draft bill contains technical amendments to title 38 and sets the effective date for the measure.

Section 201 would make all compensable disabled veterans eligible for priority consideration for chapter 31 trainees under our work-study program. This provides consistency with eligibility requirements for vocational rehabilitation under our chapter 31 program. Section 202 would amend section 1781 of title 38 to bar receipt of subsistence benefits under chapter 31 concurrently with receipt of educational assistance benefits for those on active military duty or while training under the Government Employees Training Act. Section 203 proposes to amend section 1631(a)(1) of title 38 to reflect in the chapter 32 provisions the 48-month limitation discussed above. Section 204 establishes the effective date of the measure as October 1, 1979, or the first day of the second calendar month following the date of enactment, whichever is later.

It is estimated that enactment of the draft bill would result in additional direct benefits cost in Fiscal Year 1980 totalling $6,793,000 and $33,756,000 for the first 5 fiscal years. Enactment would also result in estimated additional administrative cost in Fiscal Year 1980 of $4,192,000 and $21,301,000 over the first 5 fiscal years. In addition, enactment would also require a one time budget authority request in Fiscal Year 1980 of $350,000 to implement the proposed increase in the loan revolving fund.

The Office of Management and Budget advises the enactment of the draft bill would be in accord with the program of the President.

Sincerely,

MAX CLELAND, *Administrator.*

Enclosures.

The requested bill was introduced by Mr. Hefner on May 16, 1979, and is identified as H.R. 4117, to improve and modernize the vocational rehabilitation program provided service-disabled veterans under Chapter 31, Title 38, United States Code, and for other purposes. 96th Congress

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., July 10, 1979.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: We are transmitting with this letter a draft bill to amend title 38 of the United States Code to permit disclosure of names and addresses and other information maintained by the Veterans' Administration to a consumer reporting agency for certain debt collection purposes. This amendment is necessary in order for the Veterans' Administration to pursue additional methods of locating veterans' benefits debtors, and in appropriate cases, to affect their credit standing if they fail to cooperate with agency debt collection, compromise, or waiver procedures.

As you are aware, there is a great interest concerning the willingness and ability of the Federal Government to collect the sizable debts owed to it. This has been reflected by the President and is in evidence in the Congress, and amongst the public generally. The Veterans' Administration is very concerned with this problem, as it pertains to VA programs, and is very interested in obtaining authority to pursue collection or other resolution of these debts in as effective a manner as is reasonably possible. We have examined and implemented new methods to reduce the amount of indebtedness created and to achieve increased collection effectiveness on debts which may continue to arise. We are also working on other initatives which will permit greater utilization of existing Federal resources to locate debtors and administratively recover moneys owed to this agency. Currently, we are referring administratively uncollectable debts in excess of $600 to the Department of Justice for further collection efforts, including civil proceedings. We are working closely with Justice in an effort to assist U.S. attorneys pursuing these debtors, and we believe that this method of debt collection should increase our collections in this area. However, the number of debtors and the costly, time-consuming process of bringing a civil proceeding is a burdensome method of collecting debts. Moreover, many debts cannot be referred in this manner because the amount owed is less than $600 or because of other factors which decrease the likelihood of successfully obtaining a civil judgment. Debts of less than $600 are not referred to the Department of Justice because regulations issued jointly by GAO and the Department of Justice limit referrals to those cases in excess of $600 due to cost effectiveness considerations. 4 CFR section 105.6.

Section 702 proposes a technical change in section 1790(b)(2) of title 38. The subsection requires the Administrator to give notice to veterans and eligible persons where action is taken to discontinue benefits to such individuals. We believe it is clear that the correct word to be utilized in the last sentence of the subsection is "for" rather than the word "therefor" which was enacted in section 306, Public Law 95-202.

Section 703 contains two proposed technical changes to be made in specified sections of Public Law 95-202. In enacting subsection (b) of section 305 of that law, Congress inserted four separate clauses. In the first, it provided changes in sections 1674 and 1724 of title 38 dealing with regulations to be issued by the Administrator concerning standards of progress. In the second, it called for a study to be made concerning standards of progress. In the third, it authorized the appropriation of $1,000,000 for the conducting of the study provided in clause (2). However, instead of properly citing clause (2), relating to the study, the law inadvertently cited clause (1). This change merely provides the correct citation.

The second proposed correction is an amendment to section 401(a)(1)(B) of Public Law 95-202 and is designed to correct the present language which reads "honorand" to properly read "honorable". This merely corrects what appears to be a printer's error occurring at the time the enrolled enactment was printed.

Section 704 of the measure provides that its provisions shall take effect on October 1, 1979, or the first day of the second calendar month following the date of enactment, whichever occurs later.

We have been studying additional avenues of effecting increased debt collection. The legislation which we are now proposing will permit this agency to test two new approaches to dealing with specific problems in our debt collection efforts. They are now routinely used in private sector debt collection. This letter will address each of these [illegible]rately. We would like to emphasize at the outset, however, that the [illegible]erans' Administration, as a matter of cost effectiveness and per[illegible]l privacy policy, will utilize Federal resources, as opposed to pri[illegible] sector resources, whenever possible in attempting to collect moneys [illegible]d to this agency. Moreover, it should be clear that individuals who [illegible]ail themselves of existing agency debt resolution procedures, including waiver and compromise procedures, would not be subject to any possible use by the Veterans' Administration of private sector debt collection resources.

Effective debt collection is dependent on correct information as to a debtor's location. Frequently, addresses given by beneficiaries of programs administered by this agency become outdated. The Veterans' Administration has established the practice of obtaining the last known address maintained by the Internal Revenue Service (IRS). However, this information proves to be inadequate to locate a debtor in many cases, either because the debtor has moved, or because the current IRS law prevents the VA from using the address in the manner necessary for debt collection purposes. In these situations, we believe that a consumer reporting agency locator service may be able to provide us with the necessary current address information. As it is normally necessary to furnish individually identifying information, including name and last known address, in order to obtain address information from these sources, our proposed amendment would authorize disclosure for the purpose of locating any person who "is administratively determined to be indebted to the Veterans' Administration by virtue of participation in any Veterans' Administration benefits program."

Despite the concerted administrative efforts by the Veterans' Administration to promptly and repeatedly notify each located debtor of his or her debt obligation and of agency debt resolution procedures, in a significant number of cases, primarily regarding education benefits overpayments and education loan defaults, we have been unable to elicit any response whatsoever. We are very concerned by this pattern of refusal to acknowledge even the apparent existence of a debt, and to work with the agency to resolve it. Where this pattern is present, we believe that a recovery option, effective even for debts under $600, and not involving the delays and extra Federal costs of debt collection litigation, should be authorized for study and possible use by the Veterans' Administration. This option, to be used after all administrative efforts have been ignored, and the debtor has been placed on notice, would be that the Veterans' Administration could refer information to a consumer reporting agency. We believe that it is quite possible that the potential adverse effect on the debtor's ability to obtain credit would encourage the debtor to utilize agency debt resolution procedures.

In addition to these disclosures which are designed to improve the effectiveness of our collection efforts, the draft bill would also permit disclosures in two other circumstances. The first situation arises where the Veterans' Administration must determine that the debtor is able to repay the debt before referring collection of the debt to the Department of Justice or the General Accounting Office. At the present time, we employ a contractor to obtain asset and income information in order to comply with regulations issued jointly by GAO and the Department of Justice which require submission of such information. These regulations are intended to insure that the Government does not pursue collection of a debt where the individual has no means of repaying it. The use of a consumer report prepared by a commercial consumer reporting agency to assess the debtor's ability to repay will accomplish the same purpose which is presently being accomplished by the agency's contractor. The second situation may arise where the Veterans' Administration or the Department of Justice brings a civil action to collect debts owed to this agency. Disclosure may be necessary other than directly to attorneys from this agency or the Department of Justice. Accordingly, where a civil proceeding is contemplated, our proposed amendment would authorize disclosure of names and addresses for use in connection with the civil proceeding.

In order to carry out these initiatives, an amendment of existing VA law is necessary. Records of the Veterans' Administration pertaining to a claim for benefits are confidential, and except for limited disclosures in court proceedings and to other Federal agencies, disclosure to third parties of a VA claimant's name and address is restricted by 38 U.S.C. section 3301(f). That provision allows disclosure only to nonprofit organizations in certain circumstances or to law enforcement authorities charged with the protection of the public health or safety. As a result of this restriction, the Veterans' Administration may not, under existing authority, disclose individually identifying information about debtors for the purpose of locating delinquent debtors or affecting their credit standing, even on a test basis. Therefore, the legislative proposal is a prerequisite to any further action by this agency in this area. Even if a contractor consumer reporting agency was employed to furnish current address information, it would be unable to redisclose the VA name and address to third parties in order to obtain more current information, since the contractor's authority to disclose information is also governed by 38 U.S.C. section 3301(f). Similarly, with regard to affecting credit standing, disclosure of individual identifying information is a prerequisite.

We recognize that disclosure of names and addresses for the purposes mentioned above requires safeguards against potential misuse of such information. Subsection (f) of 38 U.S.C. section 3301, which is presently applicable to nonprofit or law enforcement organizations which obtain VA names and addresses under certain circumstances, would also be applicable to redisclosures by the consumer reporting agency. This subsection prohibits the use of VA names and addresses for any purpose other than the purposes specified in section 3301(f). The effect of that provision under this amendment would be to permit VA contractors to use VA name and address lists only for the purposes indicated in the bill. For any other use; the subsection provides for a fine of up to $5,000 for the first offense and up to $20,000 for each subsequent offense. Appropriate sanctions, such as termination of the contract or referral to the Department of Justice for criminal prosecution, will be applied if violations occur.

We also plan to require certification by the consumer reporting agency of its compliance with the Fair Credit Reporting Act. With regard to the accuracy of information disclosed by the VA, we plan to institute new procedures to verify that the VA's debt records are accurate and complete. The debtor will be given ample opportunity to challenge the accuracy of the information, and where disputes arise, the bill requires the VA to resolve the dispute prior to referral of information to a consumer reporting agency. Other safeguards will be implemented through contractual provisions, and as indicated, regulations when necessary to avoid unfair or questionable practices.

The draft bill specifically excludes application of the Privacy Act, 5 U.S.C. section 552a, to information disclosed to consumer reporting agencies pursuant to the provisions of paragraph (3) of the proposed subsection. Subsection (m), where applicable, requires that records maintained by a contractor for an agency be maintained in accordance with the act's provisions. If the act were to be applied, it would establish rights, such as the right of direct access to an individual's own file, opportunity to amend and to bring a civil action for violation of any of the act's provisions, and duties, such as limiting the disclosure of information, accounting for each disclosure, and the duty to maintain records in accordance with the act's standards, which are not presently applicable to consumer reporting agencies. However, consumer reporting agencies presently must comply with the Fair Credit Reporting Act, which does provide other substantial rights to the individual who is the subject of information conveyed by the VA to a consumer reporting agency, including the right to challenge the accuracy of a consumer report and to require depletion of outdated or unverifiable information. If requirements such as those of the Privacy Act are to be imposed on consumer reporting agencies, we believe it would be preferable to do so on an industrywide basis rather than only on those agencies which cooperate with and accept information from the Veterans' Administration. As a practical matter, we are unsure whether a contractor consumer reporting agency would cooperate with the VA if it was required to conform its operation to provisions more stringent than the Fair Credit Reporting Act.

For the foregoing reasons, we urge the Congress to take immediate action on this proposal.

There will not be any significant additional cost if this proposal is enacted. Advice has been received from the Office of Management and Budget that there is no objection to the submission of the draft legislation and its enactment would be consistent with the administration's objectives.

Sincerely,

Max Cleland, *Administrator.*

Enclosure.

The requested bill was introduced by Chairman Hefner on July 12, 1979, and is identified as H.R. 4764.

COMMITTEE ON VETERANS' AFFAIRS, HOUSE OF REPRESENTATIVES

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, D.C., March 5, 1980.

Hon. RAY ROBERTS,
Chairman, Committee on Veterans' Affairs, House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans Administration setting forth our views on H.R. 5581, 96th Congress, cited as the "GI Bill of Employment Rights."

This measure would set up what purports to be a new Vietnam era veteran employment program designed to aid in reducing unemployment and underemployment among Vietnam era veterans.

The proposal would create two new categories of benefit programs: A career development and advancement program and a career development and training program. Those eligible under the two programs would be veterans who served between August 4, 1964, and January 1, 1977: the normal 10-year eligibility period now provided in the law would be "waived" for the purpose of this overall program; and veterans would only be required to have unused remaining entitlement under the GI Bill educational assistance program. Maximum benefits would vary according to the four categories of these veterans: (1) 18 months of benefits for those veterans determined, after counseling, to have "serious rehabilitation, readjustment, or employment problem;" (2) 12 months of benefits for those veterans who are disabled; (3) 9 months of benefits for those veterans who served in the Indochina theater of operations or Korea during the Vietnam era; and (4) 6 months of benefits for all other eligible veterans who do not come within the first three categories. The program would become effective March 1, 1980, for those veterans in the first three categories and October 1, 1980, for all others.

The program would permit Vietnam era veterans to utilize their GI Bill educational entitlement to pay employers a "subsidy" to train them. The amount of the subsidy would depend on whether the program pursued would be a training or a career development and advancement program. Under the career development and advancement program the subsidy could be as much as one-third of the veteran's wages whereas under the training program the VA would pay the employer for the cost of the training and subsidize up to 50 percent of the individual's training and wages, but not more than twice the annual increase in gross wages and benefits due to the program. Payments would be made directly to the employer—not to the veteran. Eligibility would be limited to those veterans whose annual incomes do not exceed $13,000.

The Veterans Administration is strongly opposed to the enactment of H.R. 5581. Contrary to its expressed intention of addressing employment problems of Vietnam era veterans, enactment of this measure would result in a vague, ill-defined program which would convert veteran educational entitlements into substantial employer subsidies at considerable cost to the taxpayer. These subsidies would be highly subject to abuse and there is no assurance that the Federal resources expended would be effectively directed to providing meaningful training and job training opportunities for those veterans who need them.

In summary, our objections are as follows:

First, we believe that the measure would simply layer a new program on top of available programs that are in place and working. No justification is advanced to indicate why existing programs should not be utilized or, if appropriate, be strengthened. Nor is there any evidence adduced to show that this program could deal with veteran employment problems more effectively than those currently available.

Second, the proposed program would, in our opinion and in the opinion of the Inspector General of this agency, be rife for abuse and likely to produce substantial wasted taxpayer expenditures which, in turn, would require greatly expanded bureaucracy and Government regulation.

Third, the conversion of an educational assistance allowance which is based on educational and subsistence expenses of veterans into a direct employer subsidy is illogical, unprecedented, and contrary to established on-job training assistance programs for veterans.

Fourth, ignoring the basic purpose for readjustment assistance, the measure would provide for a general across-the-board extension of the delimiting date for veterans, something which Congress in recent years has consistently refused to do.

Fifth, we have a number of serious reservations about the language of many of the provisions of the bill which are vague, contradictory, and at times incomprehensible.

In dealing with programs of assistance for Vietnam era veterans, it is useful to place their employment problems in perspective. Data from the Bureau of Labor Statistics show that Vietnam era veterans, as they get older and as they benefit from education and training, do not differ greatly from their nonveteran peers: "In many respects veterans are on an equal or better footing in the labor market than nonveterans; a higher proportion of their population is employed and they have higher annual income." (Monthly Labor Review, Nov. 1979, p. 11.)

Unemployment rates for Vietnam era veterans are 20–34 have gone from a high of 9.3 percent for 1975 to 5.1 percent for 1978 and 4.8 percent for 1979. The seasonally adjusted unemployment rate that most closely corresponds to the average age of Vietnam era veterans (30–34) today stands at 3.2 percent compared to 3.3 percent for their nonveteran peers (as of January 1980).

Black veteran unemployment was 7.6 percent in third quarter 1979, down from 11.2 percent a year ago. Hispanic veteran unemployment in third quarter 1979 was 5.1 percent compared to 6.8 percent a year ago. While minority Vietnam era veterans experienced greater unemployment problems than other veterans, they nevertheless have an unemployment rate lower than their nonveteran minority peers.

In the aggregate, VEVs individually and as members of a family unit have higher incomes than their nonveteran counterparts. Bureau of Census Current Population Survey (CPS) data reveal that VEVs age 20–39 had median personal money incomes of $14,690 during calendar year 1978, as compared to $10,826 median income for similarly aged nonveterans. Families headed by male VEVs age 20–39 also had higher median incomes ($19,906) than those headed by male nonveterans ($18,650) in 1978. These same statistics disclose that, in comparison with their nonveteran peers, there were proportionately fewer VEVs with personal incomes of less than $7,000 (15.5 percent vs. 31 percent) and proportionately more who were in the $10,000–$20,000 or higher income brackets (73.9 percent vs. 54.4 percent). The same holds true when comparisons are made by family income.

An intergal part of H.R. 5581 is predicated upon the assumption that Vietnam era veterans who served in Vietnam or Korea suffer greater employment problems than other Vietnam era veterans. We are unaware of any data upon which to support such a conclusion. Dr. Robert S. Laufer, principal investigator of the Vietnam era veteran research project for the Center for Policy Research, confirmed this lack of data when he testified before the Senate Committee on Veterans' Affairs on February 21 that "questions of differences between patterns of readjustment among Vietnam or Vietnam era veterans . . . is something we cannot answer at the moment."

In this connection, it should also be noted that in justifying special assistance for those who served in Vietnam, the sponsors of similar measures have pointed to what have been relatively higher unemployment rates for Vietnam era veterans aged 20–24. This ignores the fact that the average VEV is 33, that there are only 539,000 veterans (6 percent of the total VEVs) in that age bracket, and that few if any of those actually served in Vietnam.

Many veterans, of course, continue to have significant employment problems as recognized in the Presidential Review Memorandum. Although the Bureau of Labor Statistics does not develop unemployment rates for disabled veterans, unemployment for these veterans is believed to be significant. Consequently, extensive efforts have been underway to improve Federal efforts to aid disabled veterans including the Disabled Veteran Outreach program, the Targeted Jobs Tax Credit, and the comprehensive legislative revision of VA's Disabled Veterans Vocational Rehabilitation program which was introduced in the House as H.R. 4117, at our request, and later incorporated, to a large extent, in H.R. 5288, enacted by the House last October.

Also, as the PRM noted, there continue to be employment problems with certain minority and educationally disadvantaged veterans. We believe, however, that existing programs and initiatives are a proper way to proceed rather than enacting a new jobs program overlaid on ongoing programs. These are discussed later in our views on H.R. 5581.

For the purposes of this report, we would like to set forth our comments in the following sequence: (a) Our general objections to the proposal (in addition to those cited above); (b) the avenues for abuse which we have detected; (c) specific observations on language contained in the bill (both general and technical); (d) potentials for alternative approaches to unemployment-underemployment problems of Vietnam era veterans; and (e) the cost aspects of the bill.

Turning to the first category, we have made a careful review of the overall terms of the measure and have determined that there are a number of objections we find to its provisions, in addition to those we have already spelled out. These are as follows:

A. The measure fails to contain sufficient controls over the utilization of veterans in jobs, either in the training phase or in the career-development portion.

B. All the employer would have to do under the training program would be to determine that a veteran has remaining entitlement to education benefits under the GI Bill and state there is an expectation of permanent employment after the training and career-development assistance ends. There is no firm commitment of a job.

C. The bill provides that no veteran shall be employed under the program which will result in another individual, already employed on the job, being displaced. There is no bar, however, under this provision, to an employer "discharging" an already employed veteran and "reemploying" him or her under the terms of the bill and utilizing Federal assistance to continue the veteran in the same job. Further, the bill might provide an incentive and an opportunity for an employer to fire a veteran once his subsidy has been exhausted in order to hire another veteran who had unused entitlement in order to receive another subsidy.

D. There is no real bar to "promoting" a veteran to a so-called higher position in a job area and utilizing Federal funding from the veteran's educational entitlement to make up the increased salary costs. Frequently the higher position would be one which the veteran would normally attain in any event.

E. We find little control over the employer in providing these "training slots." Those controls set forth in the bill contain sufficient exceptions that it would be easy for an employer to retain the veteran in the slot beyond the period of time needed to train the veteran and utilize Federal educational funding.

F. The employer may be a public or a private entity. Thus, we believe a State, county, or local governmental unit could take advantage of the proposal to utilize veterans in lieu of a public works program, again without providing a worthwhile occupation for the veteran. A similar problem was experienced in conjunction with the MDTA program.

G. The subsidy paid to the employer has no apparent relationship to the job or training provided. Essentially the same subsidy is paid whether the veteran is earning $4 or $6.50 an hour. (This may induce employers to place veterans in lower paying jobs so that the Federal subsidy will cover a greater portion of the cost of employing the veteran.) Additional subsidies are paid to an employer based on whether the veteran has dependents and, if so, how many. Since this would provide no additional benefits to the veteran, we are unable to perceive its relationship to training costs.

The Inspector General, who reviews legislative proposals in accordance with Pub. L. No. 95–452, has concluded that H.R. 5581 would be "particularly vulnerable to program fraud and abuse by employers acting alone or in collusion with eligible veteran employees." He has further noted that "Government administration of such a program would be labor intensive and relatively expensive." The specific types of fraud and abuse situations that we (including the Inspector General) anticipate could occur include:

A. Failure of employers to notify VA of the resignation or discharge of veteran employees who were program participants thereby illegally continuing to receive benefits related to such employees.

B. Fraudulently obtaining benefits by a collusive arrangement with veteran "employees" who do not actually work for the employer.

C. Lack of any real intent on the part of employers to provide a position for veteran employees when program benefits are used up.

D. Laying off existing employees, either veterans already enrolled in on-the-job training programs or nonveterans, to make room for veteran employees who would qualify employees for program benefits.

E. Failing to provide the quality of training or developmental experience needed to really assist the veteran employees.

F. Failing to report/discharge veteran employees who are not making satisfactory progress, thereby improperly continuing to qualify for program benefits.

We have also reviewed the specific provisions and language contained in H.R. 5581 and have determined there are a great number of ambiguities as well as technical problems contained therein. These are set forth below:

A. On page 5, lines 10–15, the term "eligible employer" is defined. As the definition presently reads, a self-employed veteran could not become the employer and trainer of another veteran. Thus, technically, all sole-proprietorships owned by veterans would be barred from participating in the program. We assume the intent of the provision is to bar a self-employed veteran from becoming the *trainee* of his firm; however, the way the language presently reads there is a basis for the other interpretation.

B. On page 5, lines 16–20, the term "dependent" is defined. This term includes the child of a veteran without any other restriction. Thus, a veteran with a married child who is aged 30, for example, would be able to claim the child as a dependent for purposes of this title. This is inconsistent with our rules in similar situations under our dependents' education program and other VA education programs.

C. On pages 5–6, the terms of the two major components of the program are defined. As nearly as we can determine from our review of the language, the difference in the two programs is in the manner of payment and the amount of payment, but basically both are mere jobs program subsidies. The employer gets paid whether the veteran is trained or not. There is no guarantee that the veteran will actually benefit by attaining better skills or a better job. While these may be the goals of the program, no legal controls are included to insure fulfillment of of the goals. The only significant difference between the two programs seems to be that in the career development and *training* program the assistance may be directed to advancing the veteran's chosen "occupation" while the career development and *advancement* program may be directed to advancing the veteran's chosen "career." In addition, the career development and *training* program allows subsidies of training costs which the other does not, but, unlike the other program, only allows *partial* subsidies of the veteran's wages and benefits. It appears there should be a more clear-cut understanding of the difference between the two programs.

D. Section 2105 of the measure, set forth on page 7, contemplates that "additional occupational skills assessment counseling and assistance" will be provided by the VA. It is not clear how these "additional" services would differ from those already being provided veterans.

E. On page 7, line 22, the terms "occupational" and "vocational" are used in the conjunctive. It appears to us that they are really synonomous.

F. On page 8, line 16, the word "or" is superfluous.

G. On page 8, line 17, there should be a comma after the word "qualified".

H. On page 11, lines 18–19, the text refers to the two major components of the program in the disjunctive. The grammatical significance would appear to indicate that the individual could take benefits under both programs consecutively. While we believe the actual intent is to permit the individual to receive benefits under only one program, there is nothing to indicate one way or the other.

I. On page 11, lines 20–23, the provisions state that the amount of the allowance paid on behalf of the veteran may include the full-time training rate for chapter 34 institutional training, including the dependency allowance. We believe that in some instances the employer to whom the allowance is paid would prefer to have the largest amount payable and would, therefore, seek out married veterans with children to the detriment of the single veteran.

J. On pages 11–12, paragraphs (a)(1)–(4) detail the maximum periods of training allowed under the law. It is not clear, however, if the intent is to provide cumulative periods to a given veteran. For example, if the veteran served in Vietnam, does he get 9 months under paragraph (3) plus 18 months under paragraph (1) or does the veteran get one, but not the other? We presume not, but it is not clear.

K. On page 12, in paragraph (b), limits are placed on the amount of benefits payable. The language in lines 23–25 seems to indicate the intent that payment will be made after the fact based upon the actual increase in wages the veteran attains due to the training. Similarly, the provisions in page 13, lines 10–13, do likewise. The problem arises from the fact that one paragraph is worded in the present tense and one in the past tense, so we cannot ascertain if the determination is to be retroactive or anticipatory. Retroactivity obviously would be the only practical way to go administratively.

L. Interspersed in certain sections of the bill (sections 2101, 2114, 2133, 2140, and 2142) are references to "and persons." It seems apparent that an effort has been made in certain cases to provide for the eligibility of individuals other than veterans. There is no definition in the proposal setting forth who these individuals are to be unless it refers to those "dependents" cited in section 2102(c) of the proposal. However, we do not read this as the case. It appears that some of the references are inappropriate.

M. A problem as to certification is found on page 14, line 2. The verb is in the past tense. The question raised is whether it is meant that the certification is to be made on the basis of what has already occurred.

N. On page 16, lines 21–25 do not appear to make sense. The text appears to imply that the wages otherwise paid to the individual *plus* the VA allowance may not be less than the journeyman rate. On the other hand, one could read the language as meaning that the employer must reduce the normal wage payable by the amount of the VA payment and then the two combined may not be less than the journeyman wage.

O. Page 19 contains, in lines 3–8, a requirement that the job should be available upon completion of training with "reasonable certainty." Aside from the vagueness of that term, we question whether the job has to be available in the same region as the training or if the requirement will be met even though the New York trainee, for example, has to go to California for the actual job.

P. Section 2134, beginning at line 3 on page 21, appears to be garbled. The sentence beginning at line 12 on page 21 seems to say that the certificate of approval must contain a catalog of the *employer* which is signed by the approving agent and contains information not yet available to the employer when the catalog is prepared. Apparently what is meant is that the material detailed on page 21–22 in lines 16–25 and 1–5 should be in the approval, not in the employer catalog. The problem is the literary referent of the word "which" in line 15 on page 21.

Q. We note that concurrent notice of suspension of the employer from the program is not required, as is presently set forth in our education programs (see lines 25 and 1–4, pages 23–24).

For the foregoing reasons, we believe that H.R. 5581 is an ill-conceived solution to the unemployment and underemployment problems still being faced by some Vietnam era veterans.

Instead of the proposal made in the bill, we would suggest certain alternatives, some of which are already being used and some of which are under consideration. On balance, we believe these alternatives provide less likelihood for abuse and more likelihood of providing meaningful employment for veterans.

First, the current GI Bill (38 U.S.C. § 1787) provides for a program of on-job and apprentice training opportunities for eligible veterans. A married veteran training under this program who has two dependents may be paid a training assistance allowance by the VA of $277 per month in addition to the salary the veteran receives from the employer. The assistance allowance is available over a 2-year period with the basic allowance declining each 6 months during the veteran's employment and with the salary being paid the veteran increasing as he or she attains more experience. More than 500,000 Vietnam era veterans have participated in this program since the enactment of Pub. L. No 90-77. In Fiscal Year 1979, approximately 84,000 veterans received benefits under this program.

Second, there are a variety of programs available to veterans under the Comprehensive Employment and Training Act (CETA) including Help through the Industry Retraining and Employment (HIRE) program which created over 38,000 on-job slots for veterans. Under this program, private sector employers are reimbursed for any extraordinary costs to them of training Vietnam era veterans hired by them. The Secretary of Labor is required by law to take special steps under CETA to maximize the opportunities for Vietnam era veterans and disabled veterans in all programs conducted by prime sponsors such as job training, upgrading and retraining, public service employment, and private sector initiatives. It is estimated that approximately 3 million of these veterans have been served by this program since it commenced in 1973.

Third, there is the Targeted Jobs Tax Credit program authorized in October 1978 by Pub. L. No. 95-600. Employers under this program receive a tax credit of up to $3,000 for hiring individuals who are members of certain targeted groups, including certain low-income Vietnam era veterans.

In our recommendations to the Congress a year ago, embodied in H.R. 3272 and S. 870 (recently included by the Senate in H.R. 5288 in a somewhat differing form), we urged extension of the delimiting date under the GI Bill to permit those veterans who are educationally disadvantaged or who need vocational or job training, an additional 2 years to pursue OJT and apprentice, vocational, and high school training. We believe such a proposal would induce a substantial number of veterans to enroll in these programs and thereby enhance their employment opportunities.

We note that the Senate, in its version of H.R. 5288, has included a provision which would require that all eligible Vietnam era veterans, regardless of the length of time they have been out of service, be covered for at least 2 years by the affirmative action and mandatory listing requirements imposed by law in connection with Federal contracts. Under those requirements, any firm with a contract with the Federal Government involving more than $10,000 must have an approved affirmative action plan for Vietnam era veterans and disabled veterans and is required to list job openings with local employment services which in turn are required to give eligible veterans priority in referral to jobs. (Current law limits the provision to veterans who have been discharged within the prior 48 months.) It is estimated that over 540,000 Vietnam era veterans have been placed in jobs as a result of this provision of law. Broadening of the base would, it is believed, result in more hirings of these veterans.

We would point out that the Department of Labor and the Veterans Administration are working to more closely coordinate efforts to improve the utilization of the on-job training benefits program authorized by section 1787 of title 38, and are also working very closely to coordinate the efforts of the two agencies in conjunction with the Targeted Jobs Tax Credit Program and the Comprehensive Employment and Training Act. Both of these programs are capable in and of themselves of providing appropriate incentives to employers to participate in the VA on-job training program and thus provide needed training for those veterans who have remaining entitlement under the GI Bill. We believe greater efforts at making existing programs work would considerably enhance the job opoprtunities for veterans.

We would also point out that the program proposed by H.R. 5581 would impose a significant paperwork burden on the employer at a time when the Federal Government is attempting to reduce such a burden and would also increase the Federal agency paperwork due to new approval requirements that do not accord with those currently followed for VA programs.

Finally, we would like to discuss the potential cost aspects of H.R. 5581.

Based on the problems we have set forth above, including the risk of substantial abuse, it is clear that it is extremely difficult to provide any certainties as to the cost of this proposal. If there were widespread abuse, potential cost could exceed $1 billion a year.

Based on our experience in more traditional and structured programs, however, we believe that the following level of participation could be anticipated for the four categories of potentially eligible individuals as defined in the bill. Assuming (a) a participation rate of 135,000 veterans the first fiscal year, 300,000 the second fiscal year, and 150,000 in each of the third and fourth fiscal years; (b) an average of 4 months per participant in the first and last years; (c) an average of 7 months in the second and third years; and (d) an average cost of $311 per participant (the present rate for single full-time training), the following cost estimate would be the result:

[Dollar amounts in thousands]

Fiscal years	Participants	Benefits cost	Man-years	Administrative cost
1980	135,000	$167,940	436	$25,595.4
1981	300,000	653,100	759	55,128.9
1982	150,000	326,550	468	31,370.7
1983	150,000	186,600	468	33,070.1
1984				
Total		1,334,190	2,131	145,165.1

For the foregoing reasons, the Veterans Administration strongly opposes the enactment of H.R. 5581.

The Office of Management and Budget advises that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND, *Administrator.*

COMMITTEE ON VETERANS' AFFAIRS, HOUSE OF REPRESENTATIVES

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, D.C., March 5, 1980.

Hon. RAY ROBERTS,
Chairman, Committee on Veterans' Affairs,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans Administration on H.R. 6327, 96th Congress, a bill "to amend title 38, United States Code, to provide expanded readjustment benefits for Vietnam-era veterans by promoting employment of such veterans through a program of job vouchers."

This bill would provide payments to employers of Vietnam veterans for periods not to exceed 12 months. Only those veterans who served on active duty for more than 180 days during the Vietnam era and who were discharged under other than dishonorable conditions (or who served during the Vietnam era and were discharged because of a service-connected disability) would qualify.

The job must provide significant training opportunities as determined by the VA and the salary must not exceed $11,000 per year. The veteran would have to apply to the VA for a job voucher, which he or she would take to the employer. The employer would redeem the voucher at the VA. The amount of the payments made would be the same as the amount paid for a veteran with no dependents by the VA during the first and second 6-month payment periods under the current VA OJT program authorized by section 1787 of title 38, United States Code.

The employer would not be eligible for a payment from the VA under this program if the employer had received a Targeted Jobs Tax Credit under laws administered by the Internal Revenue Service. The law would bar the employer from receiving a second payment for the same veteran, when the veteran had already used 9 months of benefits for employment by the same employer, until the veteran had worked an additional 9 months for that employer. Although the provision is somewhat ambiguous, it would appear that the veteran could then receive up to 3 additional months of benefits through the employer. In additionl, the job must provide "significant training opportunities" as determined by VA regulations. The program would begin on October 1, 1980, and would terminate on September 30, 1983.

The Veteras Administration is strongly opposed to the enactment of H.R. 6327. Contrary to its expressed intention of addressing employment problems of Vietnam era veterans, enactment of this measure would result in a vague, ill-defined program which would convert veteran educational entitlements into substantial employer subsidies at considerable cost to the taxpayer. These subsidies would be highly subject to abuse and there is no assurance that the Federal resources expended would be effectively directed to providing meaningful training and job training opportunities for those veterans who need them.

First, we believe that the measure would simply layer a new program on top of available programs that are in place and working. No justification is advanced to indicate why existing programs should not be utilized or, if appropriate, be strengthened. Nor is there any evidence adduced to show that this program could deal with veteran employment problems more effectively than those currently available.

Second, the proposed program would, in our opinion and in the opinion of the Inspector General of this agency, be rife for abuse and likely to produce substantial wasted taxpayer expenditures which, in turn, would require greatly expanded bureaucracy and Government regulation.

Third, the conversion of an educational assistance allowance which is based on educational and subsistence expenses of veterans into a direct employer subsidy is illogical, unprecedented, and contrary to established on-job training assistance programs for veterans.

Fourth, ignoring the basic purpose for readjustment assistance, the measure would provide for a general across-the-board extension of the delimiting date for veterans, something which Congress in recent years has consistently refused to do.

Fifth, we have a number of serious reservatives about the language of many of the provisions of the bill, which are vague, contradictory, and at times incomprehensible.

In dealing with programs of assistance for Vietnam era veterans, it is useful to place their employment problems in perspective. Data from the Bureau of Labor Statistics show that Vietnam era veterans, as they get older and as they benefit from education and training, do not differ greatly from their nonveteran peers: "In many respects veterans are on an equal or better footing in the labor market than nonveterans; a higher proportion of their population is employed and they have higher annual income." (Monthly Labor Review, Nov. 1979, p. 11).

Unemployment rates for Vietnam era veterans age 20–34 have gone from a high of 9.3 percent for 1975 to 5.1 percent for 1978 and 4.8 percent for 1979. The seasonally adjusted unemployment rate that most closely corresponds to the average age of Vietnam era veterans (30–34) today stands at 3.2 percent compared to 3.3 percent for their nonveteran peers (as of January 1980).

Black veteran unemployment was 7.6 percent in third quarter 1979, down from 11.2 percent a year ago. Hispanic veteran unemployment in third quarter 1979 was 5.1 percent compared to 6.8 percent a year ago. While minority Vietnam era veterans experienced greated unemployment problems than other veterans, they nevertheless have an unemployment rate lower than their nonveteran minority peers.

In the aggregate, VEVs individually and as members of a family unit have higher incomes than their nonveteran counterparts. Bureau of Census Current Population Survey (CPS) data reveal that VEVs age 20–39 had median personal money incomes of $14,690 during calendar year 1978, as compared to $10,826 median income for similarly aged non-veterans. Families headed by male VEVs age 20–39 also had higher median incomes ($19,906) than those headed by male nonveterans ($18,650) in 1978. These same statistics disclose that, in comparison with their nonveteran peers, there were proportionately fewer VEVs with personal incomes of less than $7,000 (15.5 percent vs. 31 percent) and proportionately more who were in the $10,000–$20,000 or higher income brackets (73.9 percent vs. 54.4 percent). The same holds true when comparisons are made by family income.

Many veterans, of course, continue to have significant employment problems as recognized in the Presidential Review Memorandum. Although the Bureau of Labor Statistics does not develop unemployment rates for disabled veterans, unemployment for these veterans is believed to be significant. Consequently, extensive efforts have been underway to improve Federal efforts to aid disabled veterans including the Disabled Veteran Outreach program, the Targeted Jobs Tax Credit, and the comprehensive legislative revision of VA's Disabled Veterans Vocational Rehabilitation program which was introduced in the Senate as S. 1188 at our request.

Also, as the PRM noted, there continue to be employment problems with certain minority and educationally disadvantaged veterans. We believe, however, that existing programs and initiatives are a proper way to proceed rather than enacting a new jobs program overlaid on ongoing programs.

For the purposes of this report, we would like to present our comments in the following categories: (a) Our general objections to the proposal (in addition to those cited above); (b) the avenues for abuse which we have detected; (c) specific observations on language contained in the bill (both general and technical); (d) potentials for alternative approaches to unemployment-underemployment problems of Vietnam era veterans; and (e) the cost aspects of the bill.

Turning to the first category, we have made a careful review of the overall terms of the measure and have determined that there are a number of objections we find to its provisions. These are as follows:

A. The measure fails to contain sufficient controls over the utilization of veterans in jobs, merely requiring that the job provide "significant training opportunities." The VA is given no congressional guidance for determining how such opportunities are to be ascertained, but is made responsible for doing so.

B. The employer has no obligation to see to the training of the veteran, nor is there any assurance that the employee must meet any established goal by the completion of the 12-month payment period.

C. The bill provides that the employer must hire the veteran under the program *after* the effective date of the law. There is no bar, however, under this provision, to an employer "discharging" an already employed veteran and "reemploying" him or her under the terms of the bill and utilizing Federal assistance to continue the veteran in the same job.

D. The employer may be any person or organization other than the Federal Government. Thus, the bill could be used as a substitute public works program by State and local governments. All too often such programs provide little skills training for the employee and are used only to underwrite the funding of State or local government unskilled labor costs.

E. The subsidy paid to the employer has no apparent relationship to the job or training provided. Essentially the same subsidy is paid whether the veteran is earning $4 or $6.50 an hour. (This may induce employers to place veterans in lower paying jobs so that the Federal subsidy will cover a greater portion of the cost of employing the veteran.)

The Inspector General, who reviews legislative proposals in accordance with Pub. L. No. 95–452, has concluded that H.R. 6327 would be "particularly vulnerable to program fraud and abuse by employers acting alone or in collusion with eligible veteran employees." He has further noted that "Government administration of such a program would be labor intensive and relatively expensive." The specific types of fraud and abuse situations that we (including the Inspector General) anticipate could occur include:

A. Failure of employers to notify the VA of the resignation or discharge of veteran employees who were program participants, thereby illegally continuing to receive benefits related to such employees.

B. Fraudulently obtaining benefits by a collusive arrangement with veteran "employees" who do not actually work for the employer.

C. Lack of any real intent on the part of employers to provide a position for veteran-employees when program benefits are used up.

D. Laying off existing employees, either veterans already enrolled in on-the-job training programs or non-veterans, to make room for veteran employees who would qualify employers for program benefits.

E. Failing to provide the quality of training or developmental experience needed to really assist the veteran employees.

The difficulty in enforcing and policing a subsidy program is substantial. Additional employees would be required to handle the paperwork generated by such a program. Investigators to assure compliance would also be needed to handle the increased workload. Further, the program would impose a significant burden on the employer in paperwork at a time when the Federal Government is attempting to reduce such a burden and would also increase the Federal agency paperwork due to new approval requirements that do not accord with those currently followed for VA programs.

Next, we wish to point out a number of technical problems inherent in the language of the bill.

A. The definition used for "Vietnam era veterans" is not the one normally associated with VA education and training programs. Instead, it is the one found in section 2011(2)(A) of title 38. We assume from the bill's provisions that section 2011(2)(B) does not apply even though section 2011(2)(A) ends with the phrase ", and", implying the provision is somehow incomplete.

Therefore, we are uncertain as to whether the veteran must apply within 48 months of discharge as required by section 2011(2)(B).

B. The proposed section 2015 contains a subsection (a) but that subsection is not further subdivided. Yet, subparagraph (b)(5)(A) references subsection (a)(1). Either some portion of subsection (a) has been omitted from the bill or the cross-citation is in error.

C. In no portion of the bill does it appear that the veteran involved must have any remaining entitlement to benefits under any of the other educational, training, or benefits programs of the VA. Thus, a veteran who used up to 45 months of chapter 34 benefits pursuing vocational training (including OJT and apprenticeship training) could still get a tax break and qualify his or her employer for a payment under the bill. It seems that this oversight could result in multiplying the assistance on behalf of a particular veteran unnecessarily.

D. While subsection (b) seems to authorize the VA to establish regulations which would limit abuses in the program, it is totally unclear as to whether the VA must pay the employer the benefit without first verifying compliance. Subsection (b)(2) merely requires presentation of the voucher by the employer to start the payments.

E. Subsection (b) seems to contemplate a one-time submission of the voucher by the employer to the VA, without any subsequent certifications on the part of the employer. We believe that could be rife with abuse inasmuch as there are no controls to insure that the agreements are in fact being carried out.

F. We believe the word "month" in line 13 on page 3 should be "monthly."

G. Subsection (b)(5)(A) does not seem to be an appropriate provision. As noted above, it erroneously cross-cites subsection (a)(1) which does not exist. Furthermore, it is susceptible to two interpretations. It could mean that the employee, who used 9 months of his or her 12 months of benefits with a particular employer, must then work an additional 9 months before payment of the remaining 3 months of benefits for the same employer may be made. On the other hand, it may mean that a veteran, who has 9 months of eligibility with the employer and quits or is fired but returns again to work with the same employer, must first work 9 months before qualifying again under the program and then work 3 months to exhaust the eligibility. We are unable to tell what is meant by the subsection. If the latter interpretation is used a veteran would be better to quit after 8 months, if he or she knows he or she will later be rehired. Also, it is not clear what difference it should make that the second employer is the same as the first.

H. Subsection (b)(5)(B) is even more unclear in that it provides that (b)(5)(A) is inapplicable if the veteran quits or the employer terminates him or her for cause. It could mean that the veteran who is fired without cause, upon being rehired by the same employer, qualifies the employer for the benefit without a 9-month waiting period. If so, that would seem to reward the employer for an arbitrary act.

I. In any event, those provisions in subsection (b) appear to conflict with subsection (c) which requires a 180-day waiting period for rehiring an employee.

For the foregoing reasons, we believe that H.R. 6327 is an ill-conceived solution to the unemployment and underemployment problems still being faced by some Vietnam era veterans.

Instead of the proposal made in the bill, we would suggest certain alternatives, some of which are already being used and some of which are under consideration. On balance, we believe these alternatives provide less likelihood for abuse and more likelihood of providing meaningful employment for veterans.

First, the current GI Bill (38 U.S.C. § 1787) provides for a program of on-job and apprentice training opportunities for eligible veterans. A married veteran training under this program who has two dependents may be paid a training assistance allowance by the VA of $277 per month in addition to the salary the veteran receives from the employer. The assistance allowance is available over a 2-year period with the basic allowance declining each 6 months during the veteran's employment and with the salary being paid the veteran increasing as he or she attains more experience. More than 500,000 Vietnam era veterans have participated in this program since the enactment of Pub. L. No. 90-77. In Fiscal Year 1979, approximately 84,000 veterans received benefits under this program.

Second, there are a variety of programs available to veterans under the Comprehensive Employment and Training Act (CETA) including Help through the Industry Retraining and Employment (HIRE) program which created over 38,000 on-job slots for veterans. Under this program, private sector employers are reimbursed for any extraordinary costs to them of training Vietnam era veterans hired by them. The Secretary of Labor is required by law to take special steps under CETA to maximize the opportunities for Vietnam era veterans and disabled veterans in all programs conducted by prime sponsors such as job training, upgrading and retraining, public service employment, and private sector initiatives. It is estimated that approximately 3 million of these veterans have been served by this program since it commenced in 1973.

Third, there is the Targeted Jobs Tax Credit program authorized in October 1978 by Pub. L. No. 95-600. Employers under this program receive a tax credit of up to $3,000 for hiring individuals who are members of certain targeted groups, including certain low-income Vietnam era veterans.

In our recommendations to the Congress a year ago, embodied in H.R. 3272 and S. 870 (recently included by the Senate in H.R. 5288 in a somewhat differing form), we urged extension of the delimiting date under the GI Bill to permit those veterans who are educationally disadvantaged or who need vocational or job training, an additional 2 years to pursue OJT and apprentice, vocational, and high school training. We believe such a proposal would induce a substantial number of veterans to enroll in these programs and thereby enhance their employment opportunities.

We note that the Senate, in its version of H.R. 5288, has included a provision which would require that all eligible Vietnam era veterans, regardless of the length of time they have been out of service, be covered for at least 2 years by the affirmative action and mandatory listing requirements imposed by law in connection with Federal contracts. Under those requirements, any firm with a contract with the Federal Government involving more than $10,000 must have an approved affirmative action plan for Vietnam era veterans and disabled veterans and is required to list job openings with local employment services which in turn are required to give eligible veterans priority in referral to jobs. (Current law limits the provision to veterans who have been discharged within the prior 48 months.) It is estimated that over 540,000 Vietnam era veterans have been placed in jobs as a result of this provision of law. Broadening of the base would, it is believed, result in more hirings of these veterans.

We would point out that the Department of Labor and the Veterans Administration are working to more closely coordinate efforts to improve the utilization of the on-job training benefits program authorized by section 1787 of title 38, and are also working very closely to coordinate the efforts of the two agencies in conjunction with the Targeted Jobs Tax Credit Program and the Comprehensive Employment and Training Act. Both of these programs are capable in and of themselves of providing appropriate incentives to employers to participate in the VA on-job training program and thus provide needed training for those veterans who have remaining entitlement under the GI Bill. We believe greater efforts at making existing programs work would considerably enhance the job opportunities for veterans.

Based on the problems we have set forth above, including the risk of substantial abuse, it is clear that it is extremely difficult to provide any certainties as to the cost of this proposal.

If there are 200,000 participants each year, it is estimated that the enactment of this proposal would result in additional direct benefits cost of $271,200,000 in the first fiscal year and $579,700,000 over the 3-year period of the program. It is also estimated that the additional administrative cost for the first fiscal year would be approximately $11,622,000 and that such additional cost would total approximately $28,210,000 over the 3-year period.

For the reasons set forth, the Veterans Administration strongly opposes the enactment of H.R. 6327.

The Office of Management and Budget advises that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND, *Administrator.*

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COMMITTEE ON VETERANS' AFFAIRS, HOUSE OF REPRESENTATIVES

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, D.C., March 5, 1980.

Hon. RAY ROBERTS,
Chairman, Committee on Veterans' Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans Administration on H.R. 6165, 96th Congress, a bill "To amend title 38, United States Code, to allow certain veterans with active duty service prior to January 1, 1977, to participate in the contributory educational assistance program under chapter 32 of such title."

This measure proposes to amend section 1602(1)(A) of title 38, to include in the term "eligible veteran" those persons who entered military service on or after January 1, 1977, after having served on active duty before or after such date for a period of 180 days or less and were discharged or released therefrom under conditions other than dishonorable.

Under current law, eligibility to participate in the chapter 32 educational assistance program is restricted to those who initially entered military service on or after January 1, 1977. Further, individuals who served on active duty prior to January 1, 1977, and were discharged for hardship reasons before serving for more than 180 continuous days are ineligible to receive educational assistance under chapter 34. Subsequent reentry on active duty after December 31, 1976, would not entitle such individuals to participate in the chapter 32 program. Thus, these individuals are currently ineligible to receive benefits under either chapter 32 or chapter 34.

While the intent of the proposed legislation is to provide these individuals with eligibility for chapter 32 benefits, we believe the bill's present language could be interpreted to provide eligibility to persons who initially serve on active duty for 180 days or less on or after January 1, 1977. Such an interpretation would be contrary to 38 U.S.C. § 1602(1)(A)(i), which confers eligibility upon veterans initially entering military service on or after January 1, 1977, and serving on active duty for a period of more than 180 days commencing on or after such date. Therefore, we would recommend that the proposal be clarified to assure that service on active duty for a period of more than 180 days commencing on or after January 1, 1977, is still required where the individual initially enters service on or after such date except where the individual incurs a service-connected disability [as provided under 38 U.S.C. § 1602(1)(A)(ii)].

It is estimated that the cost of this bill, with the clarification noted above, would be minimal.

For the reason stated above, the Veterans Administration opposes the enactment of H.R. 6165 in its present form; however, we favor its enactment with the specified clarifying provision.

The Office of Management and Budget advises that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND, *Administrator.*

COMMITTEE ON VETERANS' AFFAIRS, HOUSE OF REPRESENTATIVES

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, D.C., March 5, 1980.

Hon. RAY ROBERTS,
Chairman, Committee on Veterans' Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans Administration on H.R. 6166, 96th Congress, a bill "To amend title 38, United States Code, to provide for disbursement of unused chapter 32 contributions upon the death of the participant."

This measure proposes to amend section 1624 of title 38, to provide that, upon the death of a chapter 32 (the contributory education program) participant, the amount of his or her unused contributions to the fund shall be paid according to a statutory order of precedence, as follows:

(1) to the beneficiary or beneficiaries designated by such participant under his or her Servicemen's Group Life Insurance policy,

(2) to the surviving spouse of the participant,

(3) to the child or children of the participant and descendants of deceased children by representation,

(4) to the parents of the participant or the survivor of them,

(5) to the duly appointed executor or administrator of the participant's estate,

(6) to other next of kin of the participant entitled under the laws of domicile of the participant at the time of death.

Under current law, if a participant dies, the amount of his or her unused contributions to the fund are paid to the beneficiary or beneficiaries designated by such participant under his or her Servicemen's Group Life Insurance policy, or to the participant's estate if no beneficiary has been designated under such policy or if the participant is not insured under the SGLI program.

An unexpectedly high number of death refund claims have been submitted involving either no designated SGLI beneficiary or no SGLI policy in effect. If the participant dies interstate, the Veterans Administration must presently require formal estate administration or pay the refund under the laws of descent and distribution of the participant's domicile.Both are time consuming and impose a financial burden on the claimants, often disproportionate to the rather small amount of money involved. (The amounts in question can range from $50 through $2,700.) It is anticipated that even more deaths will occur after participants are separated from service, when SGLI is generally no longer in effect.

The proposed bill would enable the Administration to provide a refund to persons determined by a uniform, statutory order of precedence, which would remain the same whether or not the participant had a SGLI policy in effect. It would further avoid the necessity of requiring ultimate recipients to go through often costly estate administration procedures.

It is estimated that the cost of this bill would be minimal.

For the above reasons, the Veterans Administration favors the enactment of H.R. 6166.

The Office of Management and Budget advises that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND, *Administrator.*

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, D.C., March 5, 1980.

Hon. RAY ROBERTS,
Chairman, Committee on Veterans' Affairs,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans Administration on H.R. 6167, 96th Congress, a bill "To amend title 38, United States Code, to preclude tutorial assistance to eligible veterans by certain family members."

This measure proposes to amend subsection 1692(b)(2) of title 38 to require that the educational institution certifying the veteran's need for tutorial assistance also certify that the tutor chosen to perform such assisance is qualified and is not the eligible veteran's parent, spouse, brother, or sister.

The purpose of providing tutorial assistance to the veteran is to permit him or her to meet the financial obligations incurred for necessary tutorial services. Personal services of a close family member generally do not constitute a legal monetary obligation. The payment of tutorial assistance under these circumstances is tantamount to supplementing the income of the veteran's family.

Veterans Administration audits have revealed several instances where the tutors selected to provide tutorial assistance have been the veterans' wives and husbands. In one case, a veteran's wife (herself a veteran) tutored her husband at the same time she was receiving tutorial assistance for the same course. Thus, the proposed legislation would serve to discourage abuses of the tutorial assistance program which have occurred.

It is estimated that savings resulting from this proposel would be minimal.

For the foregoing reasons, the Veterans Administration favors the enactment of H.R. 6167.

The Office of Management and Budget advises that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND, *Administrator.*

COMMITTEE ON VETERANS' AFFAIRS, HOUSE OF REPRESENTATIVES

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., April 3, 1980.

Hon. THOMAS P. O'NEILL, JR.,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Enclosed is a draft bill entitled "GI Bill Amendments Act of 1980," which we request be introduced and receive favorable consideration.

This draft bill incorporates numerous proposed changes in the education programs administered by the Veterans Administration for veterans and dependents, including a rate increase affecting chapters 31, 34, 35, and 36 of title 38, United States Code, prohibition of tutorial assistance to eligible veterans by certain family members, termination of authority for the veterans' representatives program, provision of chapter 32 eligibility for certain veterans with active duty prior to January 1, 1977, and a new distribution scheme for unused chapter 32 contributions upon the death of the participant. An explanation of each of the proposed changes follows.

The first proposed change, contained in sections 2 through 5 of the draft bill, provides for an approximate 10 percent increase in the rates of assistance payable to eligible veterans and persons training under chapters 31, 34, 35, and 36. A similar increase is provided in the aggregate amount that can be borrowed under the VA education loan program, although the maximum amount that can be borrowed in any academic year would remain at $2,500. No increase has been provided in the rates for flight and correspondence training.

The last general rate increase affecting chapters 31, 34, 35, and 36 benefits was authorized by Pub. L. No. 95-202, effective October 1, 1977, providing an increase of approximately 6.6 percent. Figures provided by the College Scholarship Service and reported in the May 29, 1979, edition of the Chronicle of Higher Education projected that the cost of attending college for the 1979-1980 school year would increase by an average of 9 percent over the 1978-1979 costs. While the report indicated that the average charges for tuition and fees at private institutions would increase more than 9 percent, it projected that tuition and fees increases at public 4-year colleges and public 2-year colleges would be 6.4 percent and 3.5 percent, respectively.

We believe that a need for a general rate increase will be warranted by Fiscal Year 1981, and that the 10 percent increase included in the draft bill would be in keeping with the beneficial intent of the VA education programs while also remaining within existing budgetary constraints.

The second proposed change, contained in section 6 of the draft bill, would require that the educational institution certifying the veteran's need for tutorial assistance also certify that the tutor selected is not the veteran's parent, spouse, brother, or sister. The purpose of providing tutorial assistance to the veteran is to permit him or her to meet the financial obligations incurred for necessary tutorial services. The personal services of a close family member generally do not constitute a legal monetary obligation. Thus, the payment of tutorial assistance under these circumstances is tantamount to supplementing the income of the veteran's family. Veterans Administration audits have revealed several instances where the tutors selected to provide assistance have been the veterans' wives and husbands. In one case, a veteran's wife (herself a veteran) tutored her husband at the same time she was receiving tutorial assistance for the same course. The proposed legislation would serve to discourage abuses of the tutorial assistance program which have occurred.

The third proposed amendment of title 38, found in section 7 of the draft bill, would terminate the authority for the Veterans' Representatives program contained in section 243 of that title. It is our intention to convert most of these individuals into Veterans Benefits Counselors as well as other positions within the VA where they can perform more services for veterans.

At the same time, the proposal would also amend section 242 to specifically authorize the Administrator to station Veterans Benefits Counselors at locations away from VA regional offices. Under this authority, full-time VA Veterans Benefits Counselors would be placed on campus to provide the full range of services presently performed by such personnel in VA regional offices and also engage in outreach at the local level.

The original purpose of the program was to alleviate problems in the educational assistance payment system which caused long delays in the receipt (or nonreceipt) of benefits for many veterans. The Vet Reps were to establish lines of communication in an effort to correct the problem. They were to be present on campus full time at schools with large enrollments of veterans and other eligible persons. This, of course, was a period when the current education program was at it's peak in terms of enrollements.

With the passage of time and the change in the payment provisions, as well as the reduction in enrollements of veterans and dependents, the original need for the Vet Rep program has diminished. In addition, in recent years the Congress has acted to reduce the number of these positions which may be utilized by the VA. Vet Reps have been trained to perform many duties other than those specifically set forth in section 243. These added duties now consume the greater portion of the individual's time.

We believe that these individuals can better be utilized to perform a variety of duties including assistance on the campuses where needed, performance of compliance inspections at schools other than to which assigned, assisting in guardianship matters, visits to prisons, and, especially outreach. Thus, the individual would be serving the full function of a Veterans Benefits Counselor and, as such, could provide a better service for the veteran performing the wider scope of dutes than those set forth in the Vet Rep statute.

The fourth proposed change, in section 8 of the draft bill, would allow certain veterans with active duty prior to January 1, 1977, to become eligible to participate in the Post-Vietnam Era Veterans' Educational Assistance Program of chapter 32 of title 38. Under current law, eligibility to participate is restricted to those who initially entered military service on or after January 1, 1977. Individuals who served on active duty prior to that date and were discharged before serving for more than 180 continuous days are ineligible to receive educational assistance under chapter 34 (the post-Korean conflict and Vietnam era veterans' program). Their subsequent reentry on active duty after December 31, 1976, would not entitle them to chapter 32 benefits. Thus, the proposed legislation would correct this inequity by making such individuals eligible for chapter 32 benefits.

The fifth proposed change, contained in section 9 of the draft bill, would provide for disbursement of unused chapter 32 contributions upon the death of the participant. The measure would provide that, upon the death of a participant, the amount of his or her contributions to the chapter 32 fund would be paid as follows: (1) To the beneficiary or beneficiaries designated by the participant under his or her Servicemen's Group Life Insurance policy, (2) to the surviving spouse of the participant, (3) to the child or children of the participant and descendants of deceased children by representation, (4) to the parents of the participant or the survivor of them, (5) to the duly appointed executor or administrator of the participant's estate, and (6) to other next of kin of the participant entitled under the laws of domicile of the participant at the time of death.

Under current law, if a participant dies, the amount of his or her unused contributions to the fund is paid to the beneficiary(ies) designated by the participant's estate if no beneficiary has been designated under such policy or if the participant is not insured under the SGLI program.

An unexpectedly high number of death refund claims have been submitted involving either no designated beneficiary or no SGLI policy in effect. If the participant dies intestate, the VA must presently require formal estate administration or pay the refund under the laws of descent and distribution of the participant's domicile. Both are time consuming and may impose a financial burden on the claimants, often disproportionate to the rather small amount of money involved. (The amounts in question can range from $50 through $2,700.) It is anticipated that even more deaths will occur after participants are separated from service, when SGLI is generally no longer in effect.

The proposed amendment would enable the VA to provide a refund to persons determined by a uniform order of precedence, which would remain the same whether or not the participant had a SGLI policy in effect. It would further avoid the necessity of requiring the ultimate recipients to go through often costly estate administration procedures.

It is estimated that enactment of sections 6 through 9 of the bill would result in minimal additional costs and/or savings. With respect to the rate increases contained in sections 2 through 5 of the bill, it is estimated that enactment of these provisions would result in additional benefits cost of $180 million during Fiscal Year 1981 and of $606.5 million over the first 5 fiscal years.

We request this bill be introduced and recommend its favorable consideration.

The Office of Management and Budget advises that there is no objection to the submission of the draft bill to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

MAX CLELAND, *Administrator.*

Enclosure.

A BILL To amend title 38, United States Code, to increase the rates of vocational rehabilitation, educational assistance, and special training allowance paid to eligible veterans and persons; to preclude tutorial assistance of eligible veterans by certain family members; to terminate the authority for the veterans' representatives program; to allow certain veterans with active duty service prior to January 1, 1977 to participate in the chapter 32 program; to provide for distribution of unused chapter 32 contributions upon the death of the participant; and for other purposes

***Be it enacted by the Senate and the House of Representative of the United States of America in Congress assembled*, That (a) this Act may be cited as the "GI Bill Amendments Act of 1980."**

(b) Except as otherwise expressly provided, whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

SEC. 2. The table contained in section 1504(b) is amended to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$265	$328	$386	$29
Three-quarter-time	199	246	290	21
Half-time	133	164	193	15
Farm cooperative, apprentice, or other on-job training: Full-time	239	288	33	21".

SEC. 3. Chapter 34 is amended by—

(1) amending the table contained in paragraph (1) of section 1682 (a) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of program	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$342	$407	$464	$29
Three-quarter-time	257	305	348	22
Half-time	171	204	232	15
Cooperative	276	323	367	21";

(2) striking out in section 1682(b) "$311" and inserting in lieu thereof "$342";

(3) amending the table contained in paragraph (2) of section 1682 (c) to read as follows:

“Column I	Column II	Column III	Column IV	Column V
Basis	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Full-time	$276	$323	$367	$21
Three-quarter-time	207	242	275	16
Half-time	138	162	184	11”;

(4) striking out in section 1692(b) “$69” and “$828” and inserting in lieu thereof “$76” and “$911”, respectively; and

(5) striking out in section 1696(b) “$311” and inserting in lieu thereof “$342”.

Sec. 4. Chapter 35 is amended by—

(1) striking out in section 1732(b) “$251” and inserting in lieu thereof “$276”; and

(2) striking out in section 1742(a) “$311”, “$98”, “$98”, and “$10.40” and inserting in lieu thereof “$342”, “$108”, “$108”, and “$11.40”, respectively.

Sec. 5. Chapter 36 is amended by—

(1) amending the table contained in paragraph (1) of section 1787 (b) to read as follows:

“Column I	Column II	Column III	Column IV	Column V
Periods of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
First 6 months	$249	$279	$305	$13
Second 6 months	186	217	243	13
Third 6 months	124	155	180	13
Fourth and any succeeding 6-month periods	62	92	119	13”;

and

(2) striking out in section 1798(b)(3) “$311” and inserting in lieu thereof “$342”.

Sec. 6. Section 1692(b)(2) is amended to read as follows: “the tutor chosen to perform such assistance is qualified and is not the eligible veteran’s parent, spouse, brother, or sister; and”.

Sec. 7. Chapter 3 is amended by—

(1) adding the following subsection at the end of section 242:

“(c) The Administrator may establish Veterans Benefits Counselors at locations such as school campuses to provide assistance regarding benefits under this title to veterans and eligible persons and to conduct outreach as provided for under this subchapter.”;

(2) striking out section 243 in its entirety; and

(3) amending the table of sections at the beginning of the chapter to strike out:

“243. Veterans’ representatives.”.

Sec. 8. Section 1602(1)(A) is amended by—

(1) striking out “or” before “(ii)”; and

(2) striking out the period at the end thereof and inserting in lieu thereof a comma and "or (iii) after having entered on active duty prior to January 1, 1977, and served for a period of 180 days or less and was discharged or released therefrom, reentered military service on or after January 1, 1977 and served on active duty for a period of more than 180 days commencing on or after such date, and was discharged or released therefrom under conditions other than dishonorable.".

SEC. 9. The text of section 1624 is amended to read as follows:

"If a participant dies while on active duty, or after having been discharged or released therefrom, the amount of such participant's unused contributions to the fund shall be paid—

"(1) to the beneficiary or beneficiaries designated by such participant under such participant's Servicemen's Group Life Insurance policy, or

"(2) if no beneficiary has been designated under such policy or if the participant is not insured under the Servicemen's Group Life Insurance program, then

"(A) to the surviving spouse of such participant;

"(B) if no surviving spouse, to the child or children of such participant and descendants of deceased children by representation;

"(C) if none of the above, to the parents of such participant or the survivor of them;

"(D) if none of the above, to the duly appointed executor or administrator of the estate of such participant; or

"(E) if none of the above, to other next of kin of such participant at the time of death.".

SEC. 10. The provisions of this Act shall take effect October 1, 1980.

CHANGES IN EXISTING LAW MADE BY H.R. 7394, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 38, UNITED STATES CODE

* * * * * * *

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III.	READJUSTMENT AND RELATED BENEFITS	1501
IV.	GENERAL ADMINISTRATIVE PROVISIONS	3001
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PART I. GENERAL PROVISIONS

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1.	General	101
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PART II. GENERAL BENEFITS

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17.	Hospital, Nursing Home, Domiciliary, and Medical Care	601
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31.	Vocational Rehabilitation	[1501] *1500*
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PART IV. GENERAL ADMINISTRATIVE PROVISIONS

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PART V. BOARDS AND DEPARTMENTS

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71. Board of Veterans' Appeals 4001
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PART VI. ACQUISITION AND DISPOSITION OF PROPERTY

CHAPTER Sec.
81. Acquisition and Operation of Hospital and Domiciliary Facilities; Procurement and Supply 5001
82. Assistance in Establishing New State Medical Schools; Grants to Affiliated Medical Schools; Assistance to Health Manpower Training Institutions 5070
83. Acceptance of Gifts and Bequests 5101
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PART I. GENERAL PROVISIONS

CHAPTER Sec.
1. General 101
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PART II. GENERAL BENEFITS

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CHAPTER 13—DEPENDENCY AND INDEMNITY COMPENSATION FOR SERVICE-CONNECTED DEATHS

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Subchapter I—General

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§ 415. Dependency and indemnity compensation to parents

(a) * * *

* * * * * * *

[(f) If the Administrator ascertains that there have been overpayments to a parent under this section, the Administrator shall deduct such overpayments (unless waived) from any future payments made to such parent under this section.**]**

[(g)**]** *(f)* (1) In determining income under this section, all payments of any kind or from any source shall be included, except—

* * * * * * *

[(h)**]** *(g)* The monthly rate of dependency and indemnity compensation payable to a parent shall be increased by $85, as increased from time to time under section 3112 of this title, if such parent is (1) a patient in a nursing home or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person.

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CHAPTER 15—PENSION FOR NON-SERVICE-CONNECTED DISABILITY OR DEATH OR FOR SERVICE

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Subchapter I—General

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§ 506. Resource reports and overpayment adjustments

(a) As a condition of granting or continuing pension under sections 521, 541, or 542 of this title, the Administrator—

(1) * * *

* * * * * * *

[(b) If there is an overpayment of pension under section 521, 541, or 542 of this title, the amount thereof shall be deducted (unless waived) from any future payments made thereunder to the person concerned.]

(b) If there is an overpayment of pension under section 521, 541, or 542 of this title or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978, the amount of such overpayment shall be deducted (unless waived by the Administrator under section 3102 of this title) in accordance with section 3113 of this title.

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[CHAPTER 31—VOCATIONAL REHABILITATION

[1501. Definitions.
[1502. Basic entitlement.
[1503. Periods of eligibility.
[1504. Subsistence allowances.
[1505. Leaves of absence.
[1506. Medical care of trainees.
[1507. Loans to trainees.
[1508. Regulations to promote good conduct.
[1509. Books, supplies, and equipment.
[1510. Vocational rehabilitation for hospitalized persons.
[1511. Training and training facilities.

[§ 1501. Definitions

[For the purposes of this chapter—

[(1) The term "World War II" means the period beginning on September 16, 1940, and ending on July 25, 1947.

[(2) The term "vocational rehabilitation" means training (including educational and vocational counseling, all appropriate individualized tutorial assistance, and other necessary incidental services) for the purpose of restoring employability, to the extent consistent with the degree of disablement, lost by virtue of a handicap due to service-connected disability.

[§ 1502. Basic entitlement

[(a) Every veteran who is in need of vocational rehabilitation on account of a service-connected disability which is, or but for the receipt of retirement pay would be, compensable under chapter 11 of this title shall be furnished such vocational rehabilitation as may be prescribed by the Administrator, if such disability arose out of service during World War II or thereafter.

[(b) Unless a longer period is prescribed by the Administrator, no course of vocational rehabilitation may exceed four years. If the veteran has pursued an educational or training program under chapters 33 (prior to its repeal), 34, 35, or 36 of this title, such program shall be utilized to the fullest extent practical in determining the character and duration of the vocational rehabilitation to be furnished the veteran under this chapter.

[(c) Vocational rehabilitation may not be afforded outside of a State to a veteran on account of post-World War II service if the veteran, at the time of such service, was not a citizen of the United States.

[(d) Veterans pursuing a program of vocational rehabilitation training under the provisions of this chapter shall also be eligible, where feasible, to perform veteran-student services pursuant to section 1685 of this title and for advance subsistence allowance payments as provided by section 1780 of this title.

[§ 1503. Periods of eligibility

[(a) Unless a longer period of eligibility is authorized pursuant to subsection (b) or (c) of this section, vocational rehabilitation may not be afforded to a veteran after nine years following the veteran's discharge or release; except vocational rehabilitation may be afforded to any person until October 15, 1971, if such person is eligible for vocational rehabilitation by reason of a disability arising from service before October 15, 1962, but either after World War II, and before the Korean conflict, or after the Korean conflict.

[(b) Where a veteran is prevented from entering, or having entered, from completing vocational rehabilitation training within the period of eligibility described in subsection (a) of this section because—

[(1) the veteran had not timely attained, retained, or regained medical feasibility for training because of disability;

[(2) the veteran had not timely met the requirement of a discharge or release under conditions other than dishonorable, but the nature of such discharge or release was later challenged by appropriate authority; or

[(3) the veteran had not timely established the existence of a compensable service-connected disability,

such training may be afforded the veteran during a period not to exceed four years beyond the period of eligibility otherwise applicable to the veteran.

[(c) A veteran who is found to be in need of vocational rehabilitation to overcome the handicap of blindness, or other serious disability, resulting from a service-connected disability which affords basic eligibility for vocational rehabilitation under section 1502 of this title may be afforded such vocational rehabilitation after the termination date otherwise applicable to the veteran when such action is determined by the Administrator to be necessary for such veteran based upon such veteran's disability and need for vocational rehabilitation, if—

[(1) the veteran had not previously been rehabilitated (that is, rendered employable) as the result of training furnished under this chapter, or

[(2) such serious disability (whether blindness or otherwise) has developed from, or as a result of, the worsening of the veteran's service-connected disability since the veteran was declared rehabilitated to the extent that it precludes the veteran performing the duties of the occupation for which the veteran was previously trained under this chapter.

[§ 1504. Subsistence allowances

[(a) While pursuing a course of vocational rehabilitation training and for two months after the veteran's employability is determined, each veteran shall be paid a subsistence allowance as prescribed in this section.

[(b) The subsistence allowance of a veteran-trainee is to be determined in accordance with the following table, and shall be the monthly amount shown in column II, III, IV, or V (whichever is applicable as determined by the veteran's dependency status) opposite the appropriate type of training as specified in column I:

Column I	Column II	Column III	Column IV	Column V
Type of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$241	$298	$351	$26
Three-quarter-time	181	224	263	19
Half-time	120	149	176	13
Farm cooperative, apprentice, or other on-job training:				
Full-time	210	254	293	19

[(c) Where the course of vocational rehabilitation training consists of training on the job by an employer, such employer shall be required to submit monthly to the Administrator a statement in writing showing any wage, compensation, or other income paid by the employer to the veteran during the month, directly or indirectly. Based upon such written statements, the Administrator is authorized to reduce the subsistence allowance of such veteran to an amount considered equitable and just.

[(d) The Administrator shall define full-time and part-time training in the case of all eligible veterans pursuing a course of vocational rehabilitation training under this chapter.

[§ 1505. Leaves of absence

[The Administrator shall prescribe such regulations as the Administrator deems necessary for granting leaves of absence to veterans pursuing a course of vocational rehabilitation training. Such leaves of absence shall not be granted to any veteran in excess of thirty days in any consecutive twelve months, except in exceptional circumstances. During authorized leaves of absence, a veteran shall be considered as pursuing the veteran's course of vocational rehabilitation training.

[§ 1506. Medical care for trainees

[The Administrator may furnish veterans receiving vocational rehabilitation such medical care, treatment, hospitalization, and prosthesis as may be necessary to accomplish the purposes of this chapter, whether or not such medical care, treatment, hospitalization, or prosthesis is otherwise authorized under chapter 17 of this title.

[§ 1507. Loans to trainees

[The revolving fund which was established pursuant to part VII of Veterans Regulation Numbered 1(a) is continued in effect, and may be used by the Administrator, under regulations prescribed by the Administrator, for making advances, not in excess of $200 in any case, to veterans commencing or undertaking courses of vocational rehabilitation. Such advances, and advances heretofore made, shall bear no interest and shall be repaid in such installments as may be determined by the Administrator, by proper deductions from future payments of subsistence allowance, compensation, pension, or retirement pay.

[§ 1508. Regulations to promote good conduct

[The Administrator shall prescribe such rules and regulations as the Administrator deems necessary in order to promote good conduct and cooperation on the part of veterans who are receiving vocational rehabilitation. Penalties for the breach of such rules and regulations may extend to (1) forfeiture by the offender for three months of subsistence allowance otherwise payable, and (2) permanent disqualification for further vocational rehabilitation.

[§ 1509. Books, supplies, and equipment

[(a) Any books, supplies, or equipment furnished a veteran under this chapter shall be deemed released to the veteran, except that if, because of fault on the veteran's part, the veteran fails to complete the course of vocational rehabilitation, the veteran may be required by the Administrator to return any or all such books, supplies, or equipment not actually expended, or to repay the reasonable value thereof.

[(b) Returned books, supplies, and equipment may be turned in to educational or training institutions for credit under such terms as may be approved by the Administrator, or may be disposed of in such other manner as the Administrator may approve.

[§ 1510. Vocational rehabilitation for hospitalized persons

[Vocational rehabilitation may be afforded under this chapter to any person who is hospitalized pending final discharge from the active military, naval, or air service, if such person is qualified for such vocational rehabilitation in every respect except for discharge. No subsistence allowance shall be payable to any person while such person is receiving vocational rehabilitation solely by reason of this section.

[§ 1511. Training and training facilities

[The Administrator shall prescribe and provide vocational rehabilitation to veterans eligible therefor. For such purpose, the Administrator may—

[(1) employ additional personnel and experts, as the Administrator deems necessary;

[(2) utilize and extend Veterans' Administration facilities;

[(3) utilize facilities of any agency of the United States, or any facilities maintained by joint Federal and State contributions;

[(4) provide, by agreement or contract with public or private institutions or establishments, for such additional training facilities as may be suitable and necessary;

[(5) cooperate with and employ the facilities of other governmental and State employment agencies for the purpose of placing in gainful employment persons who have received vocational rehabilitation.

Notwithstanding any other provision of law, the facilities of any agency of the United States, as designated in clause (3) of this section, may be used to provide unpaid training or work experience as part or all of a veteran's program of vocational rehabilitation when the Administrator determines such training or work experience to be necessary to accomplish vocational rehabilitation. While pursuing such training or work experience, an uncompensated veteran shall be deemed an employee of the United States for the purposes of the benefits of chapter 81 of title 5 but not for the purposes of laws administered by the Civil Service Commission.]

CHAPTER 31—VOCATIONAL REHABILITATION

Sec.

1500. Purpose.
1501. Definitions.
1502. Basic entitlement.
1503. Periods of eligibility.
1504. Scope of services.
1505. Duration of services.
1506. Subsistence allowances.
1507. Counseling.
1508. Vocational rehabilitation plan.
1509. Leaves of absence.
1510. Regulations to promote satisfactory conduct and cooperation.
1511. Revolving fund loans.
1512. Vocational rehabilitation for hospitalized members of the Armed Forces and veterans.
1513. Training outside the United States.
1514. Unpaid training and work experience.
1515. Rehabilitation resources.
1516. Development of employment and on-job training opportunities.
1517. Employment assistance.
1518. Staff training and development.
1519. Rehabilitation research and special projects.
1520. Veterans' Advisory Committee on Rehabilitation.

§ 1500. Purpose

The purpose of the program created by this chapter is to provide all services necessary to enable veterans with service-connected disabilities to attain maximum independence, to become employable, and to obtain and maintain suitable employment.

§ 1501. Definitions

For the purposes of this chapter—

(1) The term "vocational rehabilitation" means those services which provide assistance needed for the accomplishment of the purposes of this chapter, as set forth in section 1500 of this title.

Such services include such diagnostic, medical, social, psychological, economic, and vocational services as are determined by the Administrator to be needed to render a veteran who has an employment handicap because of a service-connected disability employable and employed and to enable the veteran to achieve maximum independence.

(2) The term "employment handicap" means a disability the limiting effects of which impair an individual's ability to prepare for, obtain, or retain employment consistent with such individual's abilities, aptitudes, and interests.

§ 1502. Basic entitlement

(a) A veteran is entitled to vocational rehabilitation under this chapter if the veteran—

(1) has a service-connected disability which is compensable under chapter 11 of this title and which was aggravated or incurred in service on or after September 16, 1940;

(2) was released from active duty under conditions other than dishonorable or is hospitalized in a military hospital pending final discharge; and

(3) is determined by the Administrator to be in need of vocational rehabilitation because of an employment handicap.

(b) A previously rehabilitated veteran whose condition has changed to the extent that the veteran requires vocational rehabilitation to enter employment more suitable to the veteran's abilities and aptitudes may receive such additional vocational rehabilitation under this chapter as the Administrator considers appropriate.

§ 1503. Periods of eligibility

(a) Unless a longer period of eligibility is authorized pursuant to subsection (b) or (c) of this section, vocational rehabilitation may not be afforded to a veteran after the end of the nine-year period beginning on the date of the veteran's discharge or release.

(b) If a veteran is prevented from entering, or having entered, from completing, vocational rehabilitation training within the period of eligibility prescribed in subsection (a) of this section because—

(1) the veteran had not timely attained, retained, or regained medical feasibility for training because of disability;

(2) the veteran had not timely met the requirement of a discharge or release under conditions other than dishonorable, but the nature of such discharge or release was later changed by appropriate authority; or

(3) the veteran had not timely established the existence of a compensable service-connected disability,

such training may be afforded the veteran during a period not to exceed four years beyond the period of eligibility otherwise applicable to the veteran.

(c) A veteran who is found to be in need of vocational rehabilitation to overcome the handicap of blindness, or other serious disability, resulting from a service-connected disability which affords basic eligibility for vocational rehabilitation under section 1502 of this title may be afforded such vocational rehabilitation after the termination date

otherwise applicable to the veteran when such action is determined by the Administrator to be necessary for such veteran based upon such veteran's disability and need for vocational rehabilitation, if—

(1) the veteran had not previously been rehabilitated as the result of training furnished under this chapter, or

(2) such serious disability (whether blindness or otherwise) has developed from, or as a result of, the worsening of the veteran's service-connected disability since the veteran was declared rehabilitated to the extent that it precludes the veteran performing the duties of the occupation for which the veteran was previously trained under this chapter.

§ *1504.* Scope of services

(a) Vocational rehabilitation services which may be provided by the Administrator under this chapter to a veteran entitled to such services include the following:

(1) Evaluation of the potential for rehabilitation of the veteran, including diagnostic and related services to determine whether the veteran's service-connected disability causes a handicap to employment and whether a rehabilitation goal is feasible for the veteran and to provide a basis for planning a suitable vocational rehabilitation program or a program of services to improve the rehabilitation potential of the veteran, as appropriate.

(2) Educational, vocational, and personal adjustment counseling.

(3) A vocational rehabilitation plan for the veteran under section 1508 of this chapter.

(4) Vocational and other training services, including individualized tutorial assistance, personal adjustment and work adjustment training, tuition, fees, books, supplies, licensing fees, and other training materials.

(5) Treatment for mental and emotional disorders.

(6) Medical diagnosis, care, treatment, and hospitalization.

(7) Prosthetic appliances, eyeglasses, and other corrective devices.

(8) Placement services to effect suitable placement in employment, and postplacement in services to ensure satisfactory adjustment in employment.

(9) Services to the veteran's family as necessary for the rehabilitation of the veteran.

(10) Special rehabilitation services, including the following services for the blind and deaf:

(A) Services such as language training, speech and voice correction, training in ambulation, and one-hand typewriting.

(B) Orientation, adjustment, mobility, and reader services for the blind, and interpreter and other services for the deaf.

(C) Telecommunications, sensory, and other technological aids and devices.

(11) A subsistence allowance as authorized by section 1506 of this chapter.

(12) For the most severely disabled veterans requiring homebound training, self employment, or both homebound training and self employment, essential equipment, supplies, and minimum stocks of materials determined necessary to begin employment. The Administrator shall, by regulation, establish criteria and cost limitations for the furnishing of such materials.

(13) Transportation, as authorized in section 111 of this title, plus a special transportation allowance during training, job seeking, and the initial employment stage for veterans who, because of their handicap, have transportation expenses above those incurred by persons not so handicapped.

(14) Work study allowance, as authorized by section 1685 of this title.

(15) Loans as authorized by section 1511 of this chapter.

(16) Other incidental goods and services, including necessary books, supplies, and equipment determined by the Administrator to be necessary to accomplish vocational rehabilitation in the individual case.

(b) A veteran who is found to be in need of vocational rehabilitation may elect to pursue such a program under chapter 34 of this title as authorized by section 1687 of this title. A veteran pursuing a program of vocational rehabilitation under such chapter may receive those vocational rehabilitation services set forth in subsection (a) of this section other than those set forth in clauses (4), (11), (15), and (16).

§ 1505. Duration of services

Unless a longer period of time is prescribed by the Administrator—

(1) the period of services to evaluate and improve rehabilitation potential of veterans for whom the feasibility of attainment of rehabilitation is indeterminate may not exceed twelve months; and

(2) the period of vocational rehabilitation training and associated services authorized under this chapter following a finding of feasibility of vocational rehabilitation may not exceed forty-eight months.

§ 1506. Subsistence allowances

(a) Each veteran shall be paid a subsistence allowance in accordance with this section during a certified period of (1) evaluation of vocational rehabilitation potential, (2) vocational rehabilitation training, and (3) postvocational rehabilitation training (not to exceed two months).

(b) Except as otherwise provided in this section, the subsistence allowance paid to a veteran under this chapter shall be determined in accordance with the following table, and shall be the monthly amount shown in column II, III, IV, or V (whichever is applicable as determined by the veteran's dependency status) opposite the appropriate type of program being pursued as specified in column I:

Column I	*Column II*	*Column III*	*Column IV*	*Column V*
Type of program	*No dependents*	*One dependent*	*Two dependents*	*More than two dependents*
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional training:				
Full-time	$282	$349	$418	$30
Three quartertime	212	262	309	23
Half-time	141	175	206	15
Farm cooperative, apprentice, or other on-job training:				
Full-time	246	297	343	23
Unpaid on-job training or work experience in Federal agency:				
Full-time	282	349	418	30
Evaluation and improvement of vocational rehabilitation potential:				
Full-time	282	349	418	30

(c) If the vocational rehabilitation training consists of training on the job by an employer, such employer shall be required to submit monthly to the Administrator a statement in writing showing any wage, compensation, or other income paid by the employer to the veteran during the month, directly or indirectly. Based upon such written statements, the Administrator is authorized to reduce the subsistence allowance of such veteran to an amount considered equitable and just.

(d) The Administrator shall define full-time and part-time status in the case of all eligible veterans undergoing vocational rehabilitation under this chapter.

(e) If the veteran pursues a program on a residential basis in a specialized rehabilitation facility, the Administrator is authorized to pay to such facility the cost of the veteran's room and board and, in addition, to pay to the veteran that portion of the allowance for dependents payable, as determined by the veteran's dependency status, under subsection (b) of this section for a full-time institutional program.

(f) During the two-month period following a determination that a veteran is employable, the veteran shall be paid at the rate provided in subsection (b) of this section for the full-time benefits payable for the type of vocational training pursued.

(g) A veteran pursuing an unpaid program of vocational rehabilitation training or work experience in a Federal agency under the provisions of section 1514 of this chapter shall be paid the subsistence rate provided in subsection (b) of this section for a full-time institutional program.

(h) A subsistence allowance under this section may not be paid to a veteran who is incarcerated in a Federal, State, county, or local prison or jail.

(i) Payment of a subsistence allowance may be made in advance in accordance with the provisions of section 1780(d) of this title.

§ 1507. Counseling

Subject to regulations which the Administrator shall prescribe, each eligible veteran shall be provided initial counseling and necessary counseling during any period which the veteran is undergoing vocational rehabilitation evaluation, vocational rehabilitation training, or posttraining assistance. Such counseling may include vocational, educational, rehabilitation, psychological, personal adjustment, and employment counseling. If appropriate, family counseling may be provided.

§ 1508. Vocational rehabilitation plan

(a) Each veteran pursuing a program of vocational rehabilitation shall participate in the planning and decision process in formulating a comprehensive, individualized written rehabilitation plan for such veteran. Such plan shall include (1) a statement of long range goals and intermediate objectives for the rehabilitation of such veteran, (2) a statement of the specific services to be provided to such veteran and a time schedule for the providing of such services, (3) a projected date for completion of necessary rehabilitation, and (4) objective criteria for evaluating the veteran's progress under the plan.

(b) Each rehabilitation plan shall be reviewed at least annually and, if determined necessary, modified to meet the needs of the veteran.

§ 1509. Leaves of absence

The Administrator shall prescribe such regulations as the Administrator considers necessary for granting leaves of absence to veterans pursuing vocational rehabilitation training. During authorized leaves of absence, a veteran shall be considered to be pursuing vocational rehabilitation training.

§ 1510. Regulations to promote satisfactory conduct and cooperation

The Administrator shall prescribe such rules and regulations as the Administrator considers necessary to promote satisfactory conduct and cooperation on the part of veterans who are receiving services under this chapter. If the veteran fails to maintain satisfactory conduct or cooperation in the rehabilitation process, and the Administrator determines that discontinuance of rehabilitation on that account is necessary, rehabilitation benefits and services will be terminated until such time as it is determined that the basis for the unsatisfactory conduct or lack of cooperation has been removed.

§ 1511. Revolving fund loans

The revolving fund established pursuant to part VII of Veterans Regulation Numbered 1(a) is continued in effect, and may be used by the Administrator, under regulations prescribed by the Administrator, for making advances, not in excess of $400 in any case, to veterans pursuing vocational rehabilitation. Such advances, and advances from such fund made before the effective date of the Veterans' Rehabilitation and Education Amendments of 1980, shall bear no interest and shall be repaid in such installments as may be determined by the Administrator, by proper deductions from future payments of compensation, pension, subsistence allowance, educational assistance allowance, or retirement pay.

§ *1512. Vocational rehabilitation for hospitalized members of the Armed Forces and veterans*

(a) Vocational rehabilitation may be provided under this chapter to any person who is hospitalized pending final discharge from the active military, naval, or air service, if such person is otherwise eligible. In such cases, no subsistence allowance shall be payable.

(b) Vocational rehabilitation may be provided under this chapter to veterans who are hospitalized at Veterans' Administration hospitals or domiciliaries or, where feasible, at any other hospital or medical facility.

§ *1513. Training outside the United States*

Pursuant to such regulations as the Administrator shall prescribe, vocational rehabilitation training under this chapter may be provided outside the United States if it is determined that such training is necessary in the particular case to provide the preparation needed to render the veteran employable in a suitable occupation and as is determined to be in the best interest of the veteran and the Federal Government.

§ *1514. Unpaid training and work experience*

Notwithstanding any other provision of law, the facilities of any Federal agency may be used to provide unpaid training or work experience as part or all of a veteran's program of vocational rehabilitation when the Administrator determines such training or work experience is necessary to accomplish vocational rehabilitation. While pursuing such training or work experience, an uncompensated veteran shall be deemed an employee of the United States for the purposes of the benefits of chapter 81 of title 5, but not for the purposes of laws administered by the Office of Personnel Management.

§ *1515. Rehabilitation resources*

(a) For the purpose of providing services under this chapter, the Administrator may—

(1) use the facilities, staff, and other resources of the Veterans' Administration;

(2) employ such additional personnel and experts as the Administrator considers necessary; and

(3) use the facilities and services of any Federal agency, agencies maintained by joint Federal and State contributions, private institutions and establishments, and private individuals.

Use of facilities and services under clause (3) may be procured through contract, agreement, or other cooperative arrangement.

(b) A program of vocational rehabilitation (including individual courses) to be pursued by the veteran under this chapter shall be subject to the approval of the Administrator.

§ *1516. Development of employment and on-job training opportunities*

(a) The Administrator shall actively promote the development and establishment of on-the-job training and employment opportunities for veterans with service-connected disabilities through direct Veterans' Administration staff outreach to employers and through Veterans' Administration coordination with Federal, State, and

local governmental agencies and appropriate nongovernmental organizations.

(b) Under regulations the Administrator may prescribe, payments may be made to employers for providing on-job training to veterans in individual instances when the Administrator determines payments to be necessary to obtain the needed on-job training.

§ 1517. Employment assistance

(a) A veteran who is determined to be employable shall be furnished assistance in obtaining employment suitable to the veteran's handicap, interests, and aptitudes. Such assistance may include (1) direct placement of the veteran in employment, and (2) utilization of placement services of (A) the Rehabilitation Services Administration of the Department of Education, (B) the State employment service and the Veterans Employment Service of the Department of Labor, (C) the Office of Personnel Management, and (D) any other public or nonprofit organization having placement services available.

(b) If a veteran has trained for self-employment under this chapter, the Administrator shall cooperate with the Small Business Administration to assist the veteran to secure a loan for the purchase of equipment needed to establish the veteran's own business. The Administrator may provide license fees required by the veteran to operate the business as authorized by section 1504(4) of this chapter and, where deemed appropriate, may provide the initial tools and equipment required as authorized by section 1504(12) of this chapter.

(c) The Administrator may furnish an eligible veteran who has trained under a State rehabilitation program with the objective of self-employment in a small business enterprise such supplementary equipment and initial stocks and supplies needed by the veteran but not supplied through the State program or other sources.

§ 1518. Staff training and development

(a) The Administrator shall provide a program of ongoing professional training and development for Veterans' Administration counseling and rehabilitation staffs engaged in providing vocational rehabilitation services under this chapter. The objective of such training shall be to ensure that vocational rehabilitation services for veterans are provided in accordance with the most advanced knowledge, methods, and techniques available for the vocational rehabilitation of handicapped persons. For this purpose, the Administrator may employ the services of consultants and may make grants to, and contract with, public or private agencies (including institutions of higher learning) to conduct such training.

(b) The Administrator shall coordinate with the Commissioner of the Rehabilitation Services Administration, Department of Education and with the Deputy Assistant Secretary of Labor for Veterans' Employment, in planning and carrying out staff training in areas of joint program concern.

§ 1519. Rehabilitation research and special projects

(a) The Administrator shall carry out an ongoing program of activities to advance the knowledge, methods, techniques, and resources available for use in vocational rehabilitation of veterans. For this purpose; the Administrator shall conduct and provide support for the development or conduct, or both the development and conduct, of—

(1) studies and research concerning the psychological, social, vocational, industrial, and economic aspects of vocational rehabilitation of handicapped veterans, including new methods of rehabilitation; and

(2) projects which will provide increased resources and potential for accomplishing the vocational rehabilitation of handicapped veterans.

(b) For the purpose specified in subsection (a) of this section, the Administrator is authorized to make grants to or contract with public or nonprofit agencies, including institutions of higher learning.

(c) The Administrator shall cooperate with the Secretary of Education regarding vocational rehabilitation studies, research, and special projects of mutual agency concern.

§ 1520. Veterans' Advisory Committee on Rehabilitation

(a) The Administrator shall appoint an advisory committee to be known as the Veterans' Advisory Committee on Rehabilitation. The members of the committee shall be appointed by the Administrator and shall serve for terms to be determined by the Administrator not to exceed three years. The Administrator may designate one of the members of the committee as the chairman of the committee. In addition to the members appointed by the Administrator, the membership of the committee shall include the Commissioner of the Rehabilitation Services Administration of the Department of Education, the Director of the National Institute for Handicapped Research, and the Deputy Assistant Secretary of Labor for Veterans' Employment as ex officio members.

(b) The Administrator shall advise and consult with the committee from time to time with respect to the administration of veterans' rehabilitation programs under this title.

(c) The committee shall make such reports and recommendations to the Administrator and the Congress as it considers desirable. Among these reports shall be an annual review and report to the Administrator on the vocational, physical, and psychological rehabilitation activities of the Veterans' Administration. The annual report shall include an assessment of the rehabilitation needs of veterans and a review of the plans of the Veterans' Administration to meet such needs.

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CHAPTER 32—POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE

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Subchapter I—Purpose; Definitions

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§ 1602. Definitions

For the purposes of this chapter—

(1)(A) The term "eligible veteran" means any veteran *who is not eligible for educational assistance under chapter 34 of this title and* who (i) [initially] entered military service on or after January 1, 1977, served on active duty for a period of more than 180 days com-

mencing on or after such date, and was discharged or released therefrom under conditions other than dishonorable, or (ii) [initially] entered military service on or after January 1, 1977, and was discharged or released from active duty after such date for a service-connected disability.

* * * * * * *

Subchapter II—Eligibility; Contributions; and Matching Fund

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[§ 1624. Death of participant

[(a) If a participant dies, the amount of such participant's unused contributions to the fund shall be paid (1) to the beneficiary or beneficiaries designated by such participant under such participant's Servicemen's Group Life Insurance policy, or (2) to the participant's estate if no beneficiary has been designated under such policy or if the participant is not insured under the Servicemen's Group Life Insurance program.

[(b) If a participant dies after having been discharged or released from active duty and before using any or all of the contributions which the participant made to the fund, such unusued contributions shall be paid as prescribed in subsection (a) of this section.]

§ *1624. Death of participant*

If a participant dies while on active duty or after having been discharged or released from active duty, the amount of such participant's unused contributions to the fund shall be paid—

(1) to the beneficiary or beneficiaries designated by such participant under such participant's Servicemen's Group Life Insurance policy, or

(2) if no beneficiary has been designated under such policy or if the participant is not insured under the Servicemen's Group Life Insurance program, then—

(A) to the surviving spouse of such participant;

(B) if no surviving spouse, to the child or children of such participant and descendants of deceased children by representation;

(C) if none of the above, to the parents of such participant or the survivor of them;

(D) if none of the above, to the duly appointed executor or administrator of the estate of such participant; or

(E) if none of the above, to other next of kin of such participant entitled under the laws of domicile of such participant at the time of death.

* * * * * * *

Subchapter III—Entitlement; Duration

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§ 1631. Entitlement; loan eligibility

(a) (1) A participant shall be entitled to a maximum of 36 monthly benefit payments (or their equivalent in the event of part-time benefit payments). *The number of monthly benefit payments to which a participant is entitled is subject to the provisions of section 1795 of this title limiting the aggregate period for which any person may receive assistance under two or more programs of educational or vocational assistance administered by the Veterans' Administration.*

(2) The amount of the monthly payment to which any eligible veteran is entitled shall be ascertained by (A) adding all contributions made to the fund by the eligible veteran, (B) multiplying the sum by 3, (C) adding all contributions made to the fund for such veteran by the Secretary, and (D) dividing the sum by the lesser of 36 or the number of months in which contributions were made by such veteran.

(3) Payment of benefits under this chapter may be made only for periods of time during which an eligible veteran is actually enrolled in and pursuing an approved program of education and, except as provided in paragraph (4), only after an eligible veteran has been discharged or released from active duty.

(4) Payment of benefits under this chapter may be made after a participant has completed his or her first obligated period of active duty (which began after December 31, 1976), or 6 years of active duty (which began after December 31, 1976), whichever period is less.

[(b) Any enlisted member of the Armed Forces participating in the program shall be eligible to participate in the Predischarge Education Program (PREP), authorized by subchapter VI of chapter 34 of this title, during the last 6 months of such member's first enlistment.

[(c) When an eligible veteran is pursuing either a program of education under this chapter by correspondence or a program of flight training, such eligible veteran's entitlement shall be charged at the rate of 1 month's entitlement for each month of benefits paid to the eligible veteran (computed on the basis of the formula provided in subsection (a)(2) of this section).**]**

[(d)**]** (*b*) Eligible veterans participating in the program shall be eligible for education loans authorized by subchapter III of chapter 36 of this title in such amounts and on the same terms and conditions as provided in such subchapter, except that the term "eligible veteran" as used in such subchapter shall be deemed to include "eligible veteran" as defined in this chapter.

* * * * * * *

Subchapter IV—Administration

§ 1641. Requirements

[The provisions of sections 1670, 1671, 1673, 1674, 1676, 1677, 1681(c), 1683, 1696, and 1698 of this title and the provisions of chapter 36 of this title, with the exception of sections 1777, 1780(c), and 1787 shall be applicable to the program.**]**

The provisions of sections 1663, 1670, 1671, 1673, 1674, 1676, and 1683 of this title and the provisions of chapters 36 of this title, with the exception of sections 1777, 1780(b), and 1787, shall be applicable to the program.

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CHAPTER 34—VETERANS' EDUCATIONAL ASSISTANCE

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SUBCHAPTER III—ENROLLMENT

1670. Selection of program.
1671. Applications; approval.
1673. Disapproval of enrollment in certain courses.
1674. Discontinuance for unsatisfactory conduct or progress.
1676. Education outside the United States.
[1677. Flight training.]

SUBCHAPTER IV—PAYMENTS TO ELIGIBLE VETERANS; VETERAN-STUDENT SERVICES

1681. Educational assistance allowance.
1682. Computation of educational assistance allowances.
1682A. Accelerated payment of educational assistance allowances.
1683. Approval of courses.
1684. Apprenticeship or other on-job training[; correspondence courses].
1685. Veteran-student services.
1686. Education loans.
1687. Rehabilitation services.

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[SUBCHAPTER VI—PREDISCHARGE EDUCATION PROGRAM

[1695. Purpose; definition.
[1696. Payment of educational assistance allowance.
[1697. Educational and vocational guidance.
[1698. Coordination with and participation by Department of Defense.]

Subchapter I—Purpose—Definitions

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§ 1652. Definitions

For the purposes of this chapter—
(a)(1) * * *

* * * * * * *

(c) The term "educational institution" means any public or private elementary school, secondary school, vocational school, [correspondence school,] business school, junior college, teachers' college, college, normal school, professional school, university, or scientific or technical institution, or other institution furnishing education for adults.

* * * * * * *

Subchapter II—Eligibility and Entitlement

§ 1661. Eligibility; entitlement; duration

Entitlement

(a) * * *

* * * * * * *

(c) Except as provided in subsection (b) and in [subchapters V and VI] *subchapter V* of this chapter, no eligible veteran shall receive educational assistance under this chapter in excess of 45 months.

§ 1662. Time limitations for completing a program of education

Delimiting Period for Completion

(a)(1) * * *

* * * * * * *

Savings Clause

(c) In the case of any eligible veteran who was discharged or released from active duty before the date for which an educational assistance allowance is first payable under this chapter, the 10-year delimiting period shall run from such date, if it is later than the date which otherwise would be applicable. In the case of any eligible veteran who was discharged or released from active duty before the date of enactment of this sentence and who pursues a course of farm cooperative training, apprenticeship or other training on the job, [or flight training within the provisions of section 1677 of this chapter,] the 10-year delimiting period shall run from the date of enactment of this sentence, if it is later than the date which would otherwise be applicable.

* * * * * * *

Subchapter III—Enrollment

* * * * * * *

§ 1671. Applications; approval

Any eligible veteran, or any person on active duty (after consultation with the appropriate service education officer), who desires to initiate a program of education under this chapter shall submit an application to the Administrator which shall be in such form, and contain such information, as the Administrator shall prescribe. [The Administrator shall approve such application unless the Administrator finds that such veteran or person is not eligible for or entitled to the educational assistance applied for, or that the veteran's or person's program of education fails to meet any of the requirements of this chapter, or that the veteran or person is already qualified.] *The Administrator shall approve such application unless the Administrator finds that (1) such veteran or person is not eligible for or entitled to the educational assistance applied for, (2) the veteran's or person's selected educational institution or training establishment fails to meet any of the requirements of this chapter or chapter 36 of this title, (3) the veteran's or person's enrollment in, or pursuit of, the program of education selected would violate any provision of this chapter or chapter 36 of this title, or (4) the veteran or person is already qualified.* The Administrator shall notify the veteran or person of the approval or disapproval of the veteran's or person's application.

* * * * * * *

§ 1673. Disapproval of enrollment in certain courses

(a) The Administrator shall not approve the enrollment of an eligible veteran in—

(1) any bartending course or personality development course;

(2) any sales or sales management course which does not provide specialized training within a specific vocational field, or in any other course with a vocational objective, unless the eligible veteran or the institution offering such course submits justification showing that at least one-half of the persons who completed such course over the preceding two-year period, and who are not unavailable for employment, have been employed in the occupational category for which the course was designed to provide training (but in computing the number of persons who completed such course over any such two-year period, there shall not be included the number of persons who completed such course with assistance under this title while serving on active duty);

(3) any type of course which the Administrator finds to be avocational or recreational in character (or the advertising for which the Administrator finds contains significant avocational or recreational themes) unless the veteran submits justification showing that the course will be of bona fide use in the pursuit of the veteran's present or contemplated business or occupation; or

(4) any independent study program except one leading to a standard college degree.

The provision of clause (2) shall not apply to any course offered by an educational institution in any year if the total number of veterans and eligible persons (as defined in section 1701(a)(1) of this study) enrolled in the institution during the preceding two-year period did not exceed 35 per centum of the total enrollment in such institution during such period and the course had met the requirements of such clause for any two consecutive reporting periods.

(b) [Except as provided in section 1677 of this title, the] *The* Administrator shall not approve the enrollment of an eligible veteran in any course of flight training other than one given by an educational institution of higher learning for credit toward a standard college degree the eligible veteran is seeking.

(c) The Administrator shall not approve the enrollment of an eligible veteran in any course to be pursued by open circuit television (except as herein provided) or radio. The Administrator may approve the enrollment of an eligible veteran in a course, to be pursued in residence, leading to a standard college degree which includes, as an integral part thereof, subjects offered through the medium of open circuit television [, if the major portion of the course requires conventional classroom or laboratory attendance].

(d) The Administrator shall not approve the enrollment of any eligible veteran, not already enrolled, in any course (other than one offered pursuant to subchapter V, any farm cooperative training course, or any course described in section 1789(b)(6) of this title) for any period during which the Administrator finds that more than 85 per centum of the students enrolled in the course are having all or part of their tuition, fees, or other charges paid to or for them by the educational institution[,] *or* by the Veterans' Administration under this title [and/or by grants from any Federal agency]. The Administrator may waive the requirements of this subsection, in whole or in part, if the Administrator determines, pursuant to regulations which the Administrator shall prescribe, it to be in the interest of the eligible veterans and the Federal Government. The provisions of this subsection shall not apply to any course offered by an educational institution if the total number of veterans and persons receiving assistance under this chapter or chapter 31, 32, 35, or 36 of this title who are enrolled in such institution equals 35 per centum or less, or such other per centum as the Administrator prescribes in regulations, of the total student enrollment at such institution (computed separately for the main campus and any branch or extension of such institution), except that the Administrator may apply the provisions of this subsection with respect to any course in which the Administrator has reason to believe that the enrollment of such veterans and persons may be in excess of 85 per centum of the total student enrollment in such course.

§ 1674. Discontinuance for unsatisfactory conduct or progress

The Administrator shall discontinue the educational assistance allowance of an eligible veteran if, at any time, the Administrator finds that according to the regularly prescribed standards and practices of the educational institution, the veteran's conduct or progress is unsatisfactory. [Unless the Administrator finds there are mitigating circumstances, progress will be considered unsatisfactory at any time the eligible veteran is not progressing at a rate that will permit such veteran to graduate within the approved length of the course based on the training time as certified to the Veterans' Administration or within such other length of time (exceeding such approved length) as the Administrator determines to be reasonable in accordance with regulations.] The Administrator may renew the payment of the educational assistance allowance only if the Administrator finds that—

(1) the cause of the unsatisfactory conduct or progress of the eligible veteran has been removed; and

(2) the program which the eligible veteran now proposes to pursue (whether the same or revised) is suitable to his aptitudes, interests, and abilities.

* * * * * * *

§ 1676. Education outside the United States

[An eligible veteran may not pursue a program of education at an educational institution which is not located in a State, unless such program is pursued at an approved educational institution of higher learning. The Administrator in the Administrator's discretion may deny or discontinue the educational assistance under this chapter of any veteran in a foreign educational institution if the Administrator finds that such enrollment is not for the best interest of the veteran or the Government.]

(a) An eligible veteran may not enroll in any course at an educational institution which is not located in a State unless such veteran enrolls in an approved course leading to a standard college degree (or the equivalent of a standard college degree) to be pursued at an educational institution of higher learning so recognized by the foreign government's commissioner of education, or the equivalent, and approved by the Administrator.

(b) The Administrator, in the Administrator's discretion, may deny or discontinue the educational assistance under this chapter of any veteran in a foreign educational institution if the Administrator determines that such enrollment is not in the best interest of the veteran or the Government.

[§ 1677. Flight training

[(a) The Administrator may approve the pursuit by an eligible veteran of flight training where such training is generally accepted as necessary for the attainment of a recognized vocational objective in the field of aviation or where generally recognized as ancillary to the pursuit of a vocational endeavor other than aviation, subject to the following conditions:

> [(1) the eligible veteran must possess a valid private pilot's license and meet the medical requirements necessary for a commercial pilot's license; and
>
> [(2) the flight school courses must meet the Federal Aviation Administration standards and be approved both by that Agency and the appropriate State approving agency.

[(b) Each eligible veteran who is pursuing a program of education consisting exclusively of flight training approved as meeting the requirements of subsection (a) hereof, shall be paid an educational assistance allowance to be computed at the rate of 90 per centum of the established charges for tuition and fees which similarly circumstanced non-veterans enrolled in the same flight course are required to pay. Such allowance shall be paid monthly upon receipt of a certification as required by section 1681(c) of this title. In each such case the eligible veteran's period of entitlement shall be charged with one month for each $288 which is paid to the veteran as an educational assistance allowance for such course.]

Subchapter IV—Payments to Eligible Veterans; Veteran-Student Services

§ 1681. Educational assistance allowance

General

(a) The Administrator shall, in accordance with the applicable provisions of this section and chapter 36 of this title, pay to each eligible veteran who is pursuing a program of education under this chapter an educational assistance allowance to meet, in part, the expenses of the veteran's subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

Institutional Training

(b) The educational assistance allowance of an eligible veteran pursuing a program of education[, other than a program exclusively by correspondence or a program of flight training,] at an educational institution shall be paid as provided in chapter 36 of this title.

[Flight Training

[(c) No educational assistance allowance for any month shall be paid to an eligible veteran who is pursuing a program of education consisting exclusively of flight training until the Administrator shall have received a certification from the eligible veteran and the institution as to actual flight training received by, and the cost thereof to, the veteran during that month.]

§ 1682. Computation of educational assistance allowances

(a) (1) Except as provided in subsection (b), or (c) of this section, or section [1677 or] 1787 of this title, while pursuing a program of education under this chapter of half-time or more, each eligible veteran shall be paid the monthly educational assistance allowance set forth in column II, III, IV, or V (whichever is applicable as determined by the veteran's dependency status) opposite the applicable type of program as shown in column I.

[

Column I	Column II	Column III	Column IV	Column V
Type of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$311	$370	$422	$26
Three-quarter-time	233	277	317	19
Half-time	156	185	211	13
Cooperative	251	294	334	19

]

Column I	*Column II*	*Column III*	*Column IV*	*Column V*
Type of program	*No dependents*	*One dependent*	*Two dependents*	*More than two dependents*
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	*$342*	*$407*	*$464*	*$29*
Three-quarter-time	*257*	*305*	*348*	*22*
Half-time	*171*	*204*	*232*	*15*
Cooperative	*276*	*323*	*367*	*21*

(2) A "cooperative" program, other than a "farm cooperative" program, means a full-time program of education which consists of institutional courses and alternate phases of training in a business or industrial establishment with the training in the business or industrial establishment being strictly supplemental to the institutional portion.

(b) The educational assistance allowance of an individual pursuing a program of education—

(1) while on active duty, [or]

(2) on less than a half-time basis, *or*

(3) in the case of a veteran who is incarcerated in a Federal, State, county, or local prison or jail,

shall be computed at the rate of (A) the established charges for tuition and fees which the institution requires similarly circumstanced nonveterans enrolled in the same program to pay, or (B) [$311] *$342* per month for a full-time course, whichever is the lesser.

(c)(1) An eligible veteran who is enrolled in an educational institution for a "farm cooperative" program consisting of institutional agricultural courses prescheduled to fall within 44 weeks of any period of 12 consecutive months and who pursues such program on—

(A) a full-time basis (a minimum of ten clock hours per week or four hundred and forty clock hours in such years prescheduled to provide not less than eighty clock hours in any 3-month period),

(B) a three-quarter-time basis (a minimum of 7 clock hours per week), or

(C) a half-time basis (a minimum of 5 clock hours per week) shall be eligible to receive an educational assistance allowance at the appropriate rate provided in the table in paragraph (2) of this subsection, if such eligible veteran is concurrently engaged in agricultural employment which is relevant to such institutional agricultural courses as determined under standards prescribed by the Administrator.

In computing the foregoing clock hour requirements there shall be included the time involved in field trips and individual and group instruction sponsored and conducted by the educational institution through a duly authorized instructor of such institution in which the veteran is enrolled.

(2) The monthly educational assistance allowance of an eligible veteran pursuing a farm cooperative program under this chapter shall be paid as set forth in column II, III, IV, or V (whichever is applicable as determined by the veteran's dependency status) opposite the basis shown in column I:

[

Column I	Column II	Column III	Column IV	Column V
Basis	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Full-time	$251	$294	$334	$19
Three-quarter-time	188	221	251	15
Half-time	126	147	167	10

]

Column I	*Column II*	*Column III*	*Column IV*	*Column V*
Basis	*No dependents*	*One dependent*	*Two dependents*	*More than two dependents*
				The amount in column IV, plus the following for each dependent in excess of two:
Full-time	*$276*	*$323*	*$367*	*$21*
Three-quarter-time	*207*	*242*	*275*	*16*
Half-time	*138*	*162*	*184*	*11*

[(d) (1) Notwithstanding the prohibition in section 1671 of this title prohibiting enrollment of an eligible veteran in a program of education in which such veteran has "already qualified," a veteran shall be allowed up to six months of educational assistance (or the equivalent thereof in part-time assistance) for the pursuit of refresher training to permit such veteran to update such veteran's knowledge and skills and to be instructed in the technological advances which have occurred in such veteran's field of employment during and since the period of such veteran's active military service.]

(d) (1) Notwithstanding the provisions of section 1671 of this title prohibiting the enrollment of an eligible veteran in a program of education in which such veteran has already qualified, an otherwise eligible veteran shall be allowed educational assistance for up to six months (or the equivalent thereof in part-time assistance) for (A) the pursuit of refresher training to permit such veteran to update such veteran's knowledge and skills and to be instructed in the technological advances which have occurred in such veteran's field of employment during and since the period of such veteran's active military service, and (B) the pursuit of continuing education or training required by Federal, State, or local law either to attain professional or vocational relicensure or to retain employment in a particular profession or vocation.

(2) A veteran pursuing [refresher] *education or* training under this subsection shall be paid an educational assistance allowance based upon the rate prescribed in the table in subsection (a) (1) or in subsection (c) (2) of this section, whichever is applicable.

(3) The educational assistance allowance paid under the authority of this subsection shall be charged against the period of entitlement the veteran has earned pursuant to section 1661 (a) of this title.

(e) The educational assistance allowance of an eligible veteran pursuing an independent study program which leads to a standard college degree shall be computed at the rate provided in subsection (b) (2) of this section. In those cases where independent study is combined with resident training and the resident training constitutes the major portion of such training, the maximum allowance may not exceed the full-time institutional allowance provided under subsection (a) (1) of this section.

(f) The educational assistance allowance of an eligible veteran pursuing a course in part by open circuit television, as provided in section 1673 of this chapter, shall be computed in the same manner as for an independent study program as provided in subsection (e) of this section.

* * * * * * *

§ 1684. Apprenticeship or other on-job training[; correspondence courses]

[Any eligible veteran may pursue a program of apprenticeship or other on-job training or a program of education exclusively by correspondence and be paid an educational assistance allowance or training assistance allowance, as applicable, under the provisions of section 1787 or 1786 of this title.]

Any eligible veteran may pursue a program of apprenticeship or other on-job training and be paid a training assistance allowance as provided in section 1787 of this title.

* * * * * * *

§ 1687. Rehabilitation services

(a) Any veteran who is eligible for vocational rehabilitation under chapter 31 of this title and who is found to be in need of vocational rehabilitation may elect to pursue a vocational rehabilitation plan which has been approved under such chapter using educational assistance entitlement under this chapter. Any such veteran may be furnished those services authorized by section 1504(b) of this title as necessary to carry out such plan.

(b) Notwithstanding any other provision of law, a veteran pursuing a vocational rehabilitation program under this chapter as authorized by subsection (a) of this section shall be considered to be in a vocational rehabilitation program and to be otherwise eligible for any assistance provided under other programs to veterans pursuing or completing a program under chapter 31 of this title.

* * * * * * *

Subchapter V—Special Assistance for the Educationally Disadvantaged

* * * * * * *

§ 1692. Special supplementary assistance

(a) In the case of any eligible veteran who—

(1) is enrolled in and pursuing a postsecondary course of education on a half-time or more basis at an educational institution; and

(2) has a deficiency in a subject required as a part of, or which is a prerequisite to, or which is indispensable to the satisfactory pursuit of, an approved program of education,

the Administrator may approve individualized tutorial assistance for such veteran if such assistance is necessary for the veteran to complete such program successfully.

(b) The Administrator shall pay to an eligible veteran receiving tutorial assistance pursuant to subsection (a) of this section, in addition to the educational assistance allowance provided in section 1682 of this title, the cost of such tutorial assistance in an amount not to exceed **[**$69**]** *$76* per month, for a maximum of twelve months, or until a maximum of **[**$828**]** *$911* is utilized, upon certification by the educational institution that—

(1) the individualized tutorial assistance is essential to correct a deficiency of the eligible veteran in a subject required as a part of, or which is prerequisite to, or which is indispensable to the satisfactory pursuit of, an approved program of education;

(2) the tutor chosen to perform such assistance is qualified *and is not the eligible veteran's parent, spouse, brother, or sister*; and

(3) the charges for such assistance do not exceed the customary charges for such tutorial assistance.

* * * * * * *

[Subchapter VI—Predischarge Education Program

[§ 1695. Purpose; definition

[(a) The purpose of this subchapter is to encourage and assist veterans in preparing for their future education, training, or vocation by providing them with an opportunity to enroll in and pursue a program of education or training prior to their discharge or release from active duty with the Armed Forces. The program provided for under this subchapter shall be known as the Predischarge Education Program (PREP).

[(b) For the purposes of this subchapter, the term "eligible person" means any person serving on active duty with the Armed Forces who has completed more than 180 consecutive days of such active duty service as certified to the Administrator by the Secretary concerned.

[§ 1696. Payment of educational assistance allowance

[(a) The Administrator shall, under such regulations as the Administrator shall prescribe after consultation with the Secretary of Defense, pay the educational assistance allowance as computed in subsection (b) of this section to an eligible person enrolled in and pursuing (1) a course or courses offered by an educational institution (other than by correspondence) and required to receive a secondary school diploma, or (2) any deficiency, remedial, or refresher course or courses offered by an educational institution and required for or preparatory to the pursuit of an appropriate course or training program in an approved educational institution or training establishment.

[(b) The educational assistance allowance of an eligible person pursuing education or training under this subchapter shall be computed at the rate of (1) the established charges for tuition and fees which the educational institution requires similarly circumstanced nonveterans enrolled in the same or a similar program to pay, and the cost of books and supplies peculiar to the course which such educational institution requires similarly circumstanced nonveterans enrolled in the same or a similar program to have, or (2) $311 per month for a full-time course, whichever is the lesser. Where it is determined that there is no same program, the Administrator shall establish appropriate rates for tuition and fees designed to allow reimbursement for reasonable costs for the education or training institution.

[(c) The educational assistance allowance authorized by this section shall be paid without charge to any period of entitlement earned pursuant to section 1661(a) of this title.

[(d) After October 31, 1976, no person other than a member of the Armed Forces described in section 1631(b) of this title shall be permitted to enroll, or re-enroll, in any course provided under the authority of this subchapter.

[§ 1697. Educational and vocational guidance

[The Administrator shall, to the extent that professional counselors are available, provide, by contract or otherwise, educational and vocational guidance to persons eligible for educational assistance under this subchapter.

[§ 1698. Coordination with and participation by Department of Defense

[(a) The Administrator shall designate an appropriate official of the Veterans' Administration who shall cooperate with and assist the Secretary of Defense and the official the Administrator designates as administratively responsible for such matters, in carrying out functions and duties of the Department of Defense under the PREP program authorized by this subchapter. It shall be the duty of such official to assist the Secretary of Defense in all matters entailing cooperation or coordination between the Department of Defense and the Veterans' Administration in providing training facilities and released time from duty necessary to carry out the purposes of the program. (Added P.L. 92-540, § 308; amended P.L. 94-502, § 211(14).)

[(b) Educational institutions and training establishments administered by or under contract to the Department of Defense providing education and training to persons serving on active duty with the Armed Forces shall, in accordance with regulations jointly prescribed by the Administrator and the Secretary of Defense, be approved for the enrollment of eligible persons only at such time as the Secretary submits to the Committees on Veterans' Affairs of the Senate and House of Representatives a report containing such Department's plan for implementation of the program established under this subchapter (except that on-going programs of education and training at such institutions or establishments may be continued for ninety days after the date of enactment of this section and prior to the submission of such report), which plan shall include provision for—

[(1) each Secretary concerned to undertake an information and outreach program designed to advise, counsel, and encourage each eligible person within each branch of the Armed Forces with respect to enrollment in a program under this subchapter, with particular emphasis upon programs under sections 1691(a)(2) and 1696(a)(2) of this title, and in all other programs for which such person, prior to or following discharge or release from active duty, may be eligible under chapters 31 and 34 of this title;

[(2) each Secretary concerned to undertake, in coordination with representatives of the Veterans' Administration, to arrange and carry out meetings with each approved educational institution located in the vicinity of an Armed Forces installation (or, in the case of installations overseas, which have the capacity to carry out such programs at such overseas installations) to encourage the establishment of a program by such institution under this subchapter and subchapter V of this chapter in connection with persons stationed at such installation, with particular emphasis upon programs under sections 1691(a)(2) and 1696(a)(2) of this title;

[(3) the release from duty assignment of any such eligible person for at least one-half of the hours required for such person to enroll in a full-time program of education or training under this subchapter during such person's military service, unless, pursuant to regulations prescribed by the Secretary concerned, it is determined that such release of time is inconsistent with the interests of the national defense; and

[(4) establishment of an Inter-Service and Agency Coordinating Committee, under the co-chairmanship of an Assistant Secretary of Defense and the Chief Benefits Director of the Veterans' Administration, to promote and coordinate the establishment and conduct of programs under this subchapter and other provisions of this title and the implementation of the plan submitted pursuant to this section.]

CHAPTER 35—SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE

* * * * * * *

SUBCHAPTER IV—PAYMENTS TO ELIGIBLE PERSONS

1731. Educational assistance allowance.
1732. Computation of educational assistance allowance.
1733. Special assistance for the educationally disadvantaged.
1734. Apprenticeship or other on-job training[; correspondence courses].
1735. Approval of courses.
1736. Specialized vocational training courses.
1737. Education loans.

* * * * * * *

Subchapter I—Definitions

* * * * * * *

§ 1701. Definitions

(a) For the purpose of this chapter—

(1) * * *

* * * * * * *

(6) The term "educational institution" means any public or private secondary school, vocational school, [correspondence school,] business school, junior college, teachers' college, college, normal school, professional school, university, or scientific or technical institution, or any other institution if it furnishes education at the secondary school level or above.

* * * * * * *

Subchapter II—Eligibility and Entitlement

* * * * * * *

§ 1713. Application

The parent or guardian of a person or the eligible person if such person has attained legal majority for whom educational assistance is sought under this chapter shall submit an application to the Administrator which shall be in such form and contain such information as the Administrator shall prescribe. If the Administrator finds that the person on whose behalf the application is submitted is an eligible person, the Administrator shall approve the application [provisionally]. The Administrator shall notify the parent or guardian or eligible person (if the person has attained legal majority) of the [provisional] approval or of the disapproval of the application.

* * * * * * *

Subchapter III—Program of Education

§ 1720. Development of educational plan

(a) Upon [provisional] approval of an application for educational assistance for a person eligible within the meaning of section 1701(a)(1)(A) the Administrator [shall arrange for, and the eligible person shall take advantage of,] *may, on request, arrange for* educational or vocational counseling to assist the parent or guardian and the eligible person in selecting such person's educational, vocational, or professional objective and in developing such person's program of education. [Such counseling shall not be required where the eligible person has been accepted for, or is pursuing, courses which lead to a standard college degree, at an approved institution.] During, or after, such counseling, the parent or guardian shall prepare for the eligible person an educational plan which shall set forth the selected objective the proposed program of education, a list of the educational institutions at which such program would be pursued, an estimate of the sum which would be required for tuition and fees in completion of such program, and such other information as the Administrator shall require. This educational plan shall be signed by the parent or guardian and shall become an integral part of the application for educational assistance under this chapter.

* * * * * * *

§ 1721. Final approval of application

[The Administrator shall finally approve an application if the Administrator finds (1) that section 1720 of this title has been complied with, (2) that the proposed program of education constitutes a "program of education" as that term is defined in this chapter, (3) that the eligible person is not already qualified, by reason of previous education or training, for the educational, professional, or vocational objective for which the courses of the program of education are offered, and (4) that it does not appear that the pursuit of such program would violate any provision this chapter.]

The Administrator shall finally approve an application if the Administrator finds that—

(1) section 1720 of this title has been complied with;

(2) the proposed program of education constitutes a "program of education" as that term is defined in this chapter;

(3) the eligible person is not already qualified, by reason of previous education or training, for the educational, professional, or vocational objective for which the courses of the program of education are offered;

(4) the eligible person's proposed educational institution or training establishment is in compliance with all the requirements of this chapter and chapter 36 of this title; and

(5) it does not appear that the enrollment in or pursuit of such person's program of education would violate any provision of this chapter or chapter 36 of this title.

§ 1723. Disapproval of enrollment in certain courses

(a) The Administrator shall not approve the enrollment of an eligible person in—

(1) any bartending course or personality development course;

(2) any sales or sales management course which does not provide specialized training within a specific vocational field, or in any other course with a vocational objective, unless the eligible person or the institution offering such course submits justification showing that at least one-half of the persons who completed such course over the preceding two-year period, and who are not unavailable for employment, have been employed in the occupational category for which the course was designed to provide training (but in computing the number of persons who completed such course over any such two-year period, there shall not be included the number of persons who completed such course with assistance under this title while serving on active duty);

(3) any type of course which the Administrator finds to be avocational or recreational in character (or the advertising for which the Administrator finds contains significant avocational or recreational themes) unless the eligible person submits justification showing that the course will be of bona fide use in the pursuit of the person's present or contemplated business or occupation; or

(4) any independent study program except one leading to a standard college degree.

The provisions of clause (2) shall not apply to any course offered by an educational institution in any year if the total number of veterans and eligible persons enrolled in the institution during the preceding two-year period did not exceed 35 per centum of the total enrollment in such institution during such period and the course had met the requirements of such clause for any two consecutive reporting periods.

* * * * * * *

(b) The Administrator shall not approve the enrollment of an eligible person in any course of flight training other than one given by an educational institution of higher learning for credit toward a standard college degree the eligible person is seeking.

[(c) The Administrator shall not approve the enrollment of an eligible person in any course to be pursued by correspondence (except as provided in section 1786 of this title), open circuit television (except as herein provided), or a radio, or any course to be pursued at an educational institution not located in a State or in the Republic of the Philippines (except as herein provided). The Administrator may approve the enrollment of an eligible person in a course, to be pursued in residence, leading to a standard college degree which includes, as an integral part thereof, subjects offered through the medium of open circuit televised instruction, if the major portion of the course requires conventional classroom or laboratory attendance. The Administrator may approve the enrollment at an educational institution which is not located in a State or in the Republic of the Philippines if such program is pursued at an approved educational institution of higher learning. The Administrator in the Administrator's discretion may deny or discontinue the educational assistance under this chapter of any eligible person in a foreign educational institution if the Administrator finds that such enrollment is not in the best interest of the eligible person or the Government.]

(c) The Administrator shall not approve the enrollment of an eligible person in any course to be pursued by open circuit television (except as herein provided) or by radio. The Administrator may approve the enrollment of an eligible person in a course, to be pursued in residence, leading to a standard college degree which includes, as an integral part thereof, subjects offered through the medium of open circuit television.

* * * * * * *

(e)(1) An eligible person may not enroll in any course at an educational institution which is not located in a State or in the Republic of Philippines, unless such person enrolls in an approved course leading to a standard college degree (or the equivalent of a standard college degree) to be pursued at an educational institution of higher learning so recognized by the foreign government's commissioner of education, or the equivalent, and approved by the Administrator.

(2) The Administrator, in the Administrator's discretion, may deny or discontinue the educational assistance under this chapter of any eligible person in a foreign educational institution if the Administrator determines that such enrollment is not in the best interest of the eligible person or the Government.

§ 1724. Discontinuance for unsatisfactory progress

The Administrator shall discontinue the educational assistance allowance on behalf of an eligible person if, at any time, the Administrator finds that according to the regularly prescribed standards and practices of the educational institution such person is attending, the person's conduct or progress is unsatisfactory. [Unless the Administrator finds there are mitigating circumstances, progress will be considered unsatisfactory at any time an eligible person is not progressing at a rate that will permit such person to graduate within the approved length of the course based on the training time as certified to the Veterans' Administration or within such other length of time (exceeding such approved length) as the Administrator determines to be reasonable in accordance with regulations.] The Administrator may renew the payment of the educational assistance allowance only if the Administrator finds that—

(1) the cause of the unsatisfactory conduct or progress of the eligible person has been removed; and

(2) the program which the eligible person now proposes to pursue (whether the same or revised) is suitable to the person's aptitudes, interests and abilities.

Subchapter IV—Payments to Eligible Persons

§ 1731. Educational assistance allowance

[(a) The Administrator shall, in accordance with the provisions of chapter 36 of this title, pay to the parent or guardian of each eligible person who is pursuing a program of education under this chapter, and who applies therefor on behalf of such eligible person, an educational assistance allowance to meet, in part, the expenses of the eligible person's subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

[(b) No educational assistance allowance shall be paid on behalf of an eligible person enrolled in a course in an educational institution which does not lead to a standard college degree for any period until the Administrator shall have received—

[(1) from the eligible person a certification as to the person's actual attendance during such period; and

[(2) from the educational institution, a certification, or an endorsement on the eligible person's certificate, that the person was enrolled in and pursuing a course of education during such period.]

(a) The Administrator shall, in accordance with the applicable provisions of this section and of chapter 36 of this title, pay to each eligible person (or to the parent or guardian of the eligible person where applicable) who is pursuing a program of education under this chapter an educational assistance allowance to meet, in part, the expenses of the eligible person's subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

(b) The educational assistance allowance of an eligible person pursuing a program of education at an educational institution shall be paid as provided in chapter 36 of this title.

§ 1732. Computation of educational assistance allowance

(a) (1) The educational assistance allowance on behalf of an eligible person who is pursuing a program of education consisting of institutional courses shall be computed at the rate prescribed in section 1682 (a) (1) of this title for full-time, three-quarter-time, or half-time pursuit, as appropriate, of an institutional program by an eligible veteran with no dependents.

(2) The educational assistance allowance on behalf of an eligible person pursuing a program of education on less than a half-time basis shall be computed at the rate prescribed in section 1682(b) (2) of this title for less-than-half-time pursuit of any institutional program by an eligible veteran.

(b) The educational assistance allowance to be paid on behalf of an eligible person who is pursuing a full-time program of education which consists of institutional courses and alternate phases of training in a business or industrial establishment with the training in the business or industrial establishment being strictly supplemental to the institutional portion, shall be computed at the rate of [$251] *$276* per month.

(c) (1) * * *

* * * * * * *

(4) The monthly educational assistance allowance to be paid on behalf of an eligible person pursuing a course in part by open circuit television, as authorized in section 1723(c) of this title, shall be computed in the same manner as for an independent study program as provided in section 1682(e) of this title.

* * * * * * *

(e) In the case of an eligible person who is incarcerated in a Federal, State, or local prison or jail, the educational assistance allowance shall be at the same rate as prescribed in section 1682(b) (3) of this title for incarcerated veterans.

§ 1734. Apprenticeship or other on-job training[; correspondence courses]

[(a)] Any eligible person shall be entitled to pursue, in a State, a program of apprenticeship or other on-job training and be paid a training assistance allowance as provided in section 1787 of this title.

[(b) Any eligible spouse or surviving spouse shall be entitled to pursue a program of education exclusively by correspondence and be paid an educational assistance allowance as provided in section 1786 of this title.]

* * * * * * *

Subchapter V—Special Restorative Training

§ 1740. Purpose

The purpose of special restorative training is to overcome, or lessen, the effects of a manifest physical or mental disability which would handicap an eligible person (*as defined in section 1701(a)(1)(A) of this chapter*) in the pursuit of a program of education.

* * * * * * *

§ 1742. Special training allowance

(a) While the eligible person is enrolled in and pursuing a full-time course of special restorative training, the parent or guardian shall be entitled to receive on behalf of such person a special training allowance computed at the basic rate of [$311] *$342* per month. If the charges for tuition and fees applicable to any such course are more than [$98] *$108* per calendar month, the basic monthly allowance may be increased by the amount that such charges exceed [$98] *$108* a month, upon election by the parent or guardian of the eligible person to have such person's period of entitlement reduced by one day for each [$10.40] *$11.44* that the special training allowance paid exceeds the basic monthly allowance.

* * * * * * *

Subchapter VI—Miscellaneous Provisions

§ 1761. Authority and duties of Administrator

(a) The Administrator may provide the educational and vocational counseling [required] *authorized* under section 1720 of this title, and may provide [or require] additional counseling if the Administrator deems it to be necessary to accomplish the purposes of this chapter.

* * * * * * *

CHAPTER 36—ADMINISTRATION OF EDUCATIONAL BENEFITS

SUBCHAPTER I—STATE APPROVING AGENCIES

Sec.
1770. Scope of approval.
1771. Designation.
1772. Approval of courses.
1773. Cooperation.
1774. Reimbursement of expenses.

1775. Approval of accredited courses.
1776. Approval of nonaccredited courses.
1777. Approval of training on the job.
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SUBCHAPTER II—MISCELLANEOUS PROVISIONS

1781. Limitations on educational assistance.
1782. Control by agencies of the United States.
1783. Conflicting interests.
1784. Reports by *veterans, eligible persons and* institutions; reporting fee.
1785. Overpayments to eligible persons or veterans.
[1786. Correspondence courses.]
1787. Apprenticeship or other on-job training.
1788. Measurement of courses.
1789. Period of operation for approval.
1790. Overcharges by educational institutions; discontinuance of allowances; examination of records; false or misleading statements.
1791. Change of program.
1792. Advisory committee.
1793. Compliance surveys.
1794. Use of other Federal agencies.
1795. Limitation on period of assistance under two or more programs.
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SUBCHAPTER III—EDUCATION LOAN TO ELIGIBLE VETERANS AND ELIGIBLE PERSONS

1798. Eligibility for loans; amount and conditions of loans; interest rate on loans.
1799. Revolving fund; insurance.

Subchapter I—State Approving Agencies

* * * * * * *

§ 1774. Reimbursement of expenses

(a) * * *

* * * * * * *

[(b) The allowance for administrative expenses incurred pursuant to subsection (a) of this section shall be paid in accordance with the following formula:

[*Total salary cost reimbursable under this section*	*Allowable for administrative expense*
$5,000 or less	$630.
Over $5,000 but not exceeding $10,000	$1,134.
Over $10,000 but not exceeding $35,000	$1,134 for the first $10,000 plus $1,050 for each additional $5,000 or fraction thereof.
Over $35,000 but not exceeding $40,000	$6,862.
Over $40,000 but not exceeding $75,000	$6,862 for the first $40,000 plus $908 for each additional $5,000 or fraction thereof.
Over $75,000 but not exceeding $80,000	$13,608.
Over $80,000	$13,608 for the first $80,000 plus $793 for each additional $5,000 or fraction thereof.]

(b) The allowance for administrative expenses incurred pursuant to subsection (a) of this section shall be paid in accordance with the following formula:

Total salary cost reimbursable under this section	*Allowable for administrative expense*
	$693.
$5,000 or less	*$1,247.*
Over $5,000 but not exceeding $10,000	*$1,247 for the first $10,000, plus $1,155 for each additional $5,000 or fraction thereof.*
Over $10,000 but not exceeding $35,000	*$7,548.*
Over $35,000 but not exceeding $40,000	*$7,548 for the first $40,000, plus $999 for each additional $5,000 or fraction thereof.*
Over $40,000 but not exceeding $75,000	*$14,969.*
Over $75,000 but not exceeding $80,000	*$14,969 for the first $80,000, plus $872 for each additional $5,000 or fraction thereof.*

* * * * * * *

§ 1780. Payment of educational assistance or subsistence allowances

Period for Which Payment May Be Made

(a) Payment of educational assistance or subsistence allowances to eligible veterans or eligible persons pursuing a program of education or training**[**, other than a program by correspondence of a program of flight training,**]** in an educational institution under chapter 31, 34, or 35 of this title shall be paid as provided in this section and, as applicable, in section 1504, 1682, 1691, or 1732 of this title. Such payments shall be paid only for the period of such veterans' or persons' enrollment *in, and pursuit of, such program*, but no amount shall be paid—

(1) to any eligible veteran or eligible person enrolled in a course which leads to a standard college degree for any period when such veteran or person is not pursuing such veteran's or person's course in accordance with the regularly established policies and regulations of the educational institution, *the provisions of such regulations as may be promulgated by the Administrator pursuant to subsection (f) of this section*, and the requirements of this chapter or of chapter 34 or 35 of this title, *and if the actual period of time for pursuit of one or more unit subjects is for a period of time shorter than the enrollment period at the educational institution, payment may be only for the actual period of such pursuit;*

(2) to any eligible veteran or eligible person enrolled in a course which does not lead to a standard college degree (excluding programs of apprenticeship and programs of other on-job training authorized by section 1787 of this title) for any day of absence in excess of thirty days in a twelve-month period, not counting as absences weekends or legal holidays (or customary vacation periods connected therewith) established by Federal or State law (or in the case of the Republic of the Philippines, Philippine law) during which the institution is not regularly in session, *intervals*

between terms which do not exceed fifteen calendar days, and periods when the institution is not in session because of teacher conferences or teacher training sessions (not to exceed five days in any twelve-month period);

(3) to any eligible veteran or person for auditing a course;

(4) to any eligible veteran or person for a course for which the grade assigned is not used in computing the requirements for graduation including a course from which the student withdraws unless the Administrator finds there are mitigating circumstances; or

[(5) to any eligible veteran or person for pursuit of a program of education exclusively by correspondence as authorized under section 1786 of this title or for the pursuit of a correspondence portion of a combination correspondence-residence course leading to a vocational objective where the normal period of time required to complete such correspondence course or portion is less than 6 months. A certification as to the normal period of time required to complete the course must be made to the Administrator by the educational institution.]

(5) to any eligible veteran or person incarcerated in a Federal, State, or local prison or jail for any course (A) for which the tuition and fees of the veteran or person are paid under any Federal program (other than a program administered by the Administrator) or under any State or local program, or (B) for which there are no tuition and fees.

Notwithstanding the foregoing, the Administrator may, subject to such regulations as the Administrator shall prescribe, continue to pay allowances to eligible veterans and eligible persons enrolled in courses set forth in clause (2) or (2) of this subsection—

(A) during periods when the schools are temporarily closed under an established policy based upon an Executive order of the President or due to an emergency situation, and such periods shall not be counted as absences for the purposes of clause (2);

(B) during periods between consecutive school terms where such veterans or persons tranfer from one approved educational institution to another approved educational institution for the purpose of enrolling in and pursuing a similar course at the second institution if the period between such consecutive terms does not exceed 30 days, but such periods shall be counted as absences for the purposes of clause (2); or

(C) during periods between a semester, term, or quarter where the educational institution certifies the enrollment of the eligible veteran or eligible person on an individual semester, term, or quarter basis if the interval between such periods does not exceed 1 full calendar month, but such periods *in excess of fifteen calendar days* shall be counted as absences for the purposes of clause (2).

[Correspondence Training Certifications

[(b) No educational assistance allowance shall be paid to an eligible veteran or spouse or surviving spouse enrolled in and pursuing a program of education exclusively by correspondence until the Administrator shall have received—

[(1) from the eligible veteran or spouse or surviving spouse a certificate as to the number of lessons actually completed by the veteran or spouse or surviving spouse and serviced by the educational institution; and

[(2) from the training establishment a certification or an endorsement on the veteran's or spouse's or surviving spouse's certificate, as to the number of lessons completed by the veteran or spouse or surviving spouse and serviced by the institution.]

Apprenticeship and Other On-Job Training

[(c)] *(b)* No training assistance allowance shall be paid to an eligible veteran or eligible person enrolled in and pursuing a program of apprenticeship or other on-job training until the Administrator shall have received—

(1) from such veteran or person a certification as to such veteran's or person's actual attendance during such period; and

(2) from the training establishment a certification, or an endorsement on the veteran's or person's certificate, that such veteran or person was enrolled in and pursuing a program of apprenticeship or other on-job training during such period.

Advance Payment of Initial Educational Assistance or Subsistence Allowance

[(d)] *(c)* (1) The educational assistance or subsistence allowance advance payment provided for in this subsection is based upon a finding by the Congress that eligible veterans and eligible persons may need additional funds at the beginning of a school term to meet the expenses of books, travel, deposits, and payment for living quarters, the initial installment of tuition, and the other special expenses which are concentrated at the beginning of a school term.

(2) Subject to the provisions of this subsection, and under regulations which the Administrator shall prescribe, an eligible veteran or eligible person shall be paid an educational assistance allowance or subsistence allowance, as appropriate, advance payment. Such advance payment shall be made in an amount equivalent to the allowance for the month or fraction thereof in which pursuit of the program will commence, plus the allowance for the succeeding month. In the case of a serviceman on active duty, who is pursuing a program of education [(other than under subchapter VI of chapter 34)], the advance payment shall be in a lump sum based upon the amount payable for the entire quarter, semester, or term, as applicable. In no event shall an advance payment be made under this subsection to a veteran or person intending to pursue a program of education on less than a half-time basis. An advance payment may not be made under this subsection to any veteran or person unless the veteran or person requests such payment and the Administrator finds that the educational institution at which such veteran or person is accepted or enrolled has agreed to, and can satisfactorily, carry out the provisions of paragraphs [5] *(4)* (B) and (C) and [(6)] *(5)* of this subsection. The application for

advance payment, to be made on a form prescribed by the Administrator, shall—

(A) in the case of an initial enrollment of a veteran or person in an educational institution, contain information showing that the veteran or person (i) is eligible for educational benefits, (ii) has been accepted by the institution, and (iii) has notified the institution of such veteran's or person's intention to attend that institution; and

(B) in the case of re-enrollment of a veteran or person, contain information showing that the veteran or person (i) is eligible to continue such veteran's or person's program of education or training and (ii) intends to re-enroll in the same institution,

and, in either case, shall also state the number of semester or clock-hours to be pursued by such veteran or person.

[(3) Subject to the provisions of this subsection, and under regulations which the Administrator shall prescribe, a person eligible for education or training under the provisions of subchapter VI of chapter 34 of this title shall be entitled to a lump-sum educational assistance allowance advance payment. Such advance payment shall in no event be made earlier than thirty days prior to the date on which pursuit of the person's program of education or training is to commence. The application for the advance payment, to be made on a form prescribed by the Administrator, shall, in addition to the information prescribed in paragraph (2)(A), specify—

[(A) that the program to be pursued has been approved;

[(B) the anticipated cost and the number of Carnegie, clock, or semester hours to be pursued; and

[(C) where the program to be pursued is other than a high school credit course, the need of the person to pursue the course or courses to be taken.]

[(4)] *(3)* For purposes of the Administrator's determination whether any veteran or person is eligible for an advance payment under this section, the information submitted by the institution, the veteran or person, shall establish such veteran's or person's eligibility unless there is evidence in such veteran's or person's file in the processing office establishing that the veteran or person is not eligible for such advance payment.

[(5)] *(4)* The advance payment authorized by [paragraphs (2) and (3)] *paragraph (2)* of this subsection shall, in the case of an eligible veteran or eligible person, be (A) drawn in favor of the veteran or person; (B) mailed to the educational institution listed on the application form for temporary care and delivery to the veteran or person by such institution; and (C) delivered to the veteran or person upon the veteran's or person's registration at such institution, but in no event shall such delivery be made earlier than thirty days before the program of education is to commence.

[(6)] *(5)* Upon delivery of the advance payment pursuant to paragraph [(5)] *(4)* of this subsection, the institution shall submit to the Administrator a certification of such delivery. If such delivery is not effected within thirty days after commencement of the program of education in question, such institution shall return such payment to the Administrator forthwith.

Recovery of Erroneous Payments

[(e)] *(d)* If an eligible veteran or eligible person fails to enroll in or pursue a course for which an educational assistance or subsistence allowance advance payment is made, the amount of such payment and any amount of subsequent payments which, in whole or in part, are due to erroneous information required to be furnished under subsection [(d)] *(c)* (2) [and (3)] of this section, shall become an overpayment and shall constitute a liability of such veteran or person to the United States and may be recovered, unless waived pursuant to section 3102 of this title, from any benefit otherwise due such veteran or person under any law administered by the Veterans' Administration or may be recovered in the same manner as any other debt due the United States.

Payments for Less Than Half-Time Training

[(f)] *(e)* Payment of educational assistance in the case of any eligible veteran or eligible person pursuing a program of education on less than a half-time basis [(except as provided by subsection (d)(3) of this section)] shall be made in an amount computed for the entire quarter, semester, or term during the month immediately following the month in which certification is received from the educational institution that such veteran or person has enrolled in and is pursuing a program at such institution. Such lump sum payment shall be computed at the rate provided in section 1682(b) or 1732(a)(2) of this title, as applicable.

Determination of Enrollment, Pursuit, and Attendance

[(g)] *(f)* The Administrator may, pursuant to regulations which the Administrator shall prescribe, determine *and define* enrollment in, pursuit of, and attendance at, any program of education or training or course by an eligible veteran or eligible person for any period for which the veteran or person receives an educational assistance or subsistence allowance under this chapter for pursuing such program or course. Subject to such reports and proof as the Administrator may require to show an eligible veteran's or eligible person's enrollment in and satisfactory pursuit of such person's program, the Administrator is authorized to withhold the final payment of benefits to such person until the required proof is received and the amount of the final payment is appropriately adjusted.

Subchapter II—Miscellaneous Provisions

§ 1781. Limitations on educational assistance

No educational assistance allowance granted under chapter 34, 35, or 36 of this title, *or subsistence allowance granted under chapter 31 of this title*, shall be paid to any eligible person (1) who is on active duty and is pursuing a course of education which is being paid for by the Armed Forces (or by the Department of Health, Education, and Welfare in the case of the Public Health Service); or (2) who is attending a course of education or training paid for under the Government Employees' Training Act and whose full salary is being paid to such person while so training.

* * * * * * *

§ 1784. Reports by *veterans, eligible persons and* institutions; reporting fee

(a) [Educational] *Veterans, eligible persons, and educational* institutions shall, without delay, report to the Administrator in the form prescribed by the Administrator, the enrollment, interruption, and termination of the education of each *such* eligible person or veteran enrolled therein under chapter 34, 35, or 36. The date of interruption or termination will be the last date of pursuit [or, in the case of correspondence training, the last date a lesson was serviced by the school].

(*b*) *Educational institutions shall, without delay, report to the Administrator any fact which the educational institution knows or through the exercise of reasonable diligence should know which indicates the course or educational institution does not, or has not, met any of the requirements of chapters 34, 35, or 36 of this title.*

[(b)] (*c*) The Administrator may pay to any educational institution, or to any joint apprenticeship training committee acting as a training establishment, furnishing education or training under either this chapter or chapter 34 or 35 of this title, a reporting fee which will be in lieu of any other compensation or reimbursement for reports or certifications which such educational institution or joint apprenticeship training committee is required to submit to the Administrator by law or regulation. Such reporting fee shall be computed for each calendar year by multiplying $7 by the number of eligible veterans or eligible persons enrolled under this chapter or chapter 34 or 35 of this title, or $11 in the case of those eligible veterans and eligible persons whose educational assistance checks are directed in care of each institution for temporary custody and delivery and are delivered at the time of registration as provided under section 1780[(d)(5)] (*c*)(*4*) of this title, on October 31 of that year; except that the Administrator may, where it is established by such educational institution or joint apprenticeship training committee that eligible veteran plus eligible person enrollment on such date varies more than 15 per centum from the peak eligible veteran enrollment plus eligible person enrollment in such educational institution or joint apprenticeship training committee during such calendar year, establish such other date as representative of the peak enrollment as may be justified for such educational institution or joint apprenticeship training committee. The reporting fee shall be paid to such educational institution or joint apprenticeship training committee as soon as feasible after the end of the calendar year for which it is applicable. No reporting fee payable to an educational institution under this subsection shall be subject to offset by the Administrator against any liability of such institution for any overpayment for which such institution may be administratively determined to be liable under section 1785 of this title unless such liability is not contested by such institution or has been upheld by a final decree of a court of appropriate jurisdiction.

§ 1785. Overpayments to eligible persons or veterans

[Whenever the Administrator finds that an overpayment has been made to an eligible person or veteran as the result of (1) the willful or negligent failure of an educational institution to report, as required by this chapter or chapter 34 or 35 of this title and applicable regulations, to the Veterans' Administration excessive absences from a course, or discontinuance or interruption of a course by the eligible person or veteran, or (2) false certification by an educational institution, the amount of such overpayment shall constitute a liability of such institution, and may be recovered, except as otherwise provided in section 1784(b) of this title, in the same manner as any other debt due the United States. Any amount so collected shall be reimbursed if the overpayment is recovered from the eligible person or veteran. This section shall not preclude the imposition of any civil or criminal liability under this or any other law. Nothing in this section or any other provision of this title shall be construed as requiring any institution of higher learning to maintain daily attendance records for any course leading to a standard college degree.]

(a) Whenever the Administrator finds that an overpayment has been made to an eligible person or veteran, the amount of such overpayment shall constitute a liability of the eligible person or veteran to the United States.

(b) Whenever the Administrator finds that an overpayment has been made to an eligible person or veteran as the result of (1) the willful or negligent failure of an educational institution to report, as required by this chapter or chapter 34 or 35 of this title and applicable regulations, to the Veterans' Administration excessive absences from a course, or discontinuance or interruption of a course by the eligible person or veteran, or (2) false certification by an educational institution, the amount of such overpayment shall constitute a liability of the educational institution to the United States.

(c) Any overpayment referred to in subsection (a) or (b) may be recovered, except as otherwise provided in section 1784(b) of this title, in the same manner as any other debt due the United States.

(d) Any such overpayment may be waived as to the eligible person or veteran as provided by section 3102 of this title. Waiver of any such overpayment as to the eligible person or veteran shall in no event release the educational institution from liability under subsection (b).

(e)(1) Any amount collected from the eligible person or veteran shall be reimbursed to the educational institution which is liable pursuant to subsection (b), to the extent that collection was made from the educational institution.

(2) This section shall not preclude the imposition of any civil or criminal liability under this or any other law.

(3) Nothing in this section or any other provision of this title shall be construed as requiring any institution of higher learning to maintain daily attendance records for any course leading to a standard college degree.

[§ 1786. Correspondence courses

[(a)(1) Each eligible veteran (as defined in section 1652(a)(1) and (2) of this title) and each eligible spouse or surviving spouse (as defined in section 1701(a)(1) (B), (C), or (D) of this title) who enters into an enrollment agreement to pursue a program of education exclusively by correspondence shall be paid an educational assistance allowance computed at the rate of 90 per centum of the established charge which the institution requires nonveterans to pay for the course or courses pursued by the eligible veteran or spouse or surviving spouse. The term "established charge" as used herein means the charge for the course or courses determined on the basis of the lowest extended time payment plan offered by the institution and approved by the appropriate State approving agency or the actual cost to the veteran or spouse or surviving spouse, whichever is the lesser. Such allowance shall be paid quarterly on a pro rata basis for the lessons completed by the veteran or spouse or surviving spouse and serviced by the institution.

[(2) The period of entitlement of any veteran or spouse or surviving spouse who is pursuing any program of education exclusively by correspondence shall be charged with one month for each $311 which is paid to the veteran or spouse or surviving spouse as an educational assistance allowance for such course.

[(b) The enrollment agreement shall fully disclose the obligation of both the institution and the veteran or spouse or surviving spouse and shall prominently display the provisions for affirmance, termination, refunds, and the conditions under which payment of the allowance is made by the Administrator to the veteran or spouse or surviving spouse. A copy of the enrollment agreement shall be furnished to each such veteran or spouse or surviving spouse at the time such veteran or spouse or surviving spouse signs such agreement. No such agreement shall be effective unless such veteran or spouse or surviving spouse shall, after the expiration of ten days after the enrollment agreement is signed, have signed and submitted to the Administrator a written statement, with a signed copy to the institution, specifically affirming the enrollment agreement. In the event the veteran or spouse or surviving spouse at any time notifies the institution of such veteran's or spouse's intention not to affirm the agreement in accordance with the preceding sentence, the institution, without imposing any penalty or charging any fee shall promptly make a full refund of all amounts paid.

[(c) In the event a veteran or spouse or surviving spouse elects to terminate such veteran's or spouse's enrollment under an affirmed enrollment agreement, the institution (other than one subject to the provisions of section 1776 of this title) may charge the veteran or spouse or surviving spouse a registration or similar fee not in excess of 10 per centum of the tuition for the course, or $50, whichever is less. Where the veteran or spouse or surviving spouse elects to terminate the agreement after completion of one or more but less than 25 per centum of the total number of lessons comprising the course, the institution may retain such registration or similar fee plus 25 per centum of the tuition for the course. Where the veteran or spouse or surviving spouse elects to terminate the agreement after completion of 25 per centum but less than 50 per centum of the lessons comprising the course, the institution may retain the full registration or similar fee plus 50 per centum of the course tuition. If 50 per centum or more of the lessons are completed, no refund of tuition is required.]

§ 1787. Apprenticeship or other on-job training

(a) * * *

* * * * * * *

(b)(1) The monthly training assistance allowance of an eligible veteran pursuing a program described under subsection (a) shall be as follows:

Column I	Column II	Column III	Column IV	Column V
Periods of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
First 6 months	$226	$254	$277	$12
Second 6 months	169	197	221	12
Third 6 months	113	141	164	12
Fourth and any succeeding 6-month periods	56	84	108	12

Column I	*Column II*	*Column III*	*Column IV*	*Column V*
Period of training	*No dependents*	*One dependent*	*Two dependents*	*More than two dependents*
				The amount in column IV, plus the following for each dependent in excess of two:
First 6 months	*$249*	*$279*	*$305*	*$13*
Second 6 months	*186*	*217*	*243*	*13*
Third 6 months	*124*	*155*	*180*	*13*
Fourth and any succeeding 6-month periods	*62*	*92*	*119*	*13*

* * * * * * *

§ 1788. Measurement of courses

(a) For the purposes of this chapter and chapters 34 and 35 of this title—

(1) an institutional trade or technical course offered on a clock-hour basis, not leading to a standard college degree, involving shop practice as an integral part thereof, shall be considered a full-time course when a minimum of thirty hours per week of attendance is required with no more than two and one-half hours of rest periods and not more than 5 hours of supervised study per week allowed, but if such course is approved pursuant to section 1775(*a*)(*1*) of this title, then 22 hours per week of attendance, with no more than 2½ hours of rest period per week allowed and excluding supervised study, shall be considered full time;

(2) an institutional course offered on a clock-hour basis, not leading to a standard college degree, in which theoretical or classroom instruction predominates shall be considered a full-

time course when a minimum of twenty-five hours per week net of instruction and not more than 5 hours of supervised study (which may include customary intervals not to exceed ten minutes between hours of instruction) is required, but if such course is approved pursuant to section 1775(*a*)(*1*) of this title, then 18 hours per week net of instruction (excluding supervised study), which may include customary intervals not to exceed ten minutes between hours of instruction, shall be considered full-time:

(3) an academic high school course requiring sixteen units for a full course shall be considered a full-time course when (A) a minimum of four units per year is required or (B) an individual is pursuing a program of education leading to an accredited high school diploma at a rate which, if continued, would result in receipt of such a diploma in four ordinary school years. For the purpose of subclause (A) of this clause, a unit is defined to be not less than one hundred and twenty sixty-minute hours or their equivalent of study in any subject in one academic year;

(4) an institutional undergraduate course offered by a college or university *in residence* on a *standard* quarter- or semester-hour basis shall be considered a full-time course when a minimum of fourteen semester hours *per semester* or the equivalent thereof (including such hours for which no credit is granted but which are required to be taken to correct an educational deficiency [and which the educational institution considers to be quarter or semester hours for other administrative purposes]), for which credit is granted toward a standard college degree, is required, except that where such college or university certifies, upon the request of the Administrator, that (A) full-time tuition is charged to all undergraduate students carrying a minimum of less than fourteen such semester hours or the equivalent thereof, or (B) all undergraduate students carrying a minimum of less than fourteen such semester hours or the equivalent thereof, are considered to be pursuing a full-time course for other administrative purposes, then such an institutional undergraduate course offered by such college or university with such minimum number of such semester hours shall be considered a full-time course, but in the event such minimum number of semester hours is less than twelve semester hours or the equivalent thereof, then twelve semester hours or the equivalent thereof shall be considered a full-time course;

(5) a program of apprenticeship or a program of other on-job training shall be considered a full-time program when the eligible veteran or person is required to work the number of hours constituting the standard workweek of the training establishment, but a workweek of less than thirty hours shall not be considered to constitute full-time training unless a lesser number of hours has been established as the standard workweek for the particular establishment through bona fide collective bargaining; and

(6) an institutional course offered as part of a program of education not leading to a standard college degree under section 1691 (a)(2) [or 1696(a)(2)] of this title shall be considered a full-

time course on the basis of measurement criteria provided in clause (2), (3), or (4) as determined by the educational institution.

* * * * * * *

(c) For the purposes of subsection (a)(4) of this section, the term "in residence on a standard quarter- or semester-hour basis" means study at a site or campus of a college or university, or off-campus at an official resident center, requiring pursuit of regularly scheduled weekly class instruction at the rate of one standard class session per week throughout the quarter or semester for one quarter or one semester hour of credit, and a standard class session is defined as one hour (or one fifty-minute period) of academic instruction, two hours of laboratory instruction, or three hours of workshop training.

§ 1789. Period of operation for approval

(a) The Administrator shall not approve the enrollment of an eligible veteran or eligible person in any course offered by an educational institution when such course has been in operation for less than two years. (Added P.L. 92-540, § 316(2).)

(b) Subsection (a) shall not apply to—

(1) * * *

* * * * * * *

(5) any course offered by a proprietary nonprofit educational institution which qualifies to carry out an approved program of education under the provisions of subchapter V [or VI] of chapter 34 of this title (including those courses offered at other than the institution's principal location) if the institution offering such course has been in operation for more than two years; or

* * * * * * *

§ 1790. Overcharges by educational institutions; discontinuance of allowances; examination of records; false or misleading statements

Overcharges by Educational Institutions

(a) * * *

* * * * * * *

Discontinuance of Allowances

(b)(1) The Administrator may discontinue the educational assistance allowance of any eligible veteran or eligible person if the Administrator finds that the program of education or any course in which the veteran or person is enrolled fails to meet any of the requirements of this chapter or chapter 34 or 35 of this title, or if the Administrator finds that the educational institution offering such program or course has violated any provision of this chapter or chapter 34 or 35, or fails to meet any of the requirements of such chapters.

(2) Any action by the Administrator under paragraph (1) of this subsection to discontinue (including to suspend) assistance provided to any eligible veteran or eligibile person under this chapter or chapter 31, 32, 34, or 35 of this title shall be based upon evidence that the

veteran or eligible person is not or was not entitled to such assistance. Whenever the Administrator so discontinues any such assistance, the Administrator shall concurrently provide written notice to such veteran or person of such discontinuance and that such veteran or person is entitled thereafter to a statement of the reasons [therefor] *for* such action and an opportunity to be heard thereon.

* * * * * * *

§ 1792. Advisory committee

[There shall be an advisory committee formed by the Administrator which shall be composed of persons who are eminent in their respective fields of education, labor, and management, and of representatives of the various types of institutions and establishments furnishing vocational rehabilitation under chapter 31 of this title or education to eligible persons or veterans enrolled under chapter 34 or 35 of this title. The Committee shall also include veterans representative of World War II, the Korean conflict era, the post-Korean conflict era, and the Vietnam era. The Commissioner of Education and the Administrator, Manpower Administration, Department of Labor, shall be ex officio members of the advisory committee. The Administrator shall advise and consult with the committee from time to time with respect to the administration of this chapter and chapters 31, 34, and 35 of this title, and the committee may make such reports and recommendations as it deems desirable to the Administrator and to the Congress.]

(a) There shall be an advisory committee formed by the Administrator which shall be composed of persons who are eminent in their respective fields of education, labor, and management, and of representatives of institutions and establishments furnishing education to eligible persons or veterans enrolled under chapter 32, 34, or 35 of this title. The committee shall also include veterans representatives of World War II, the Korean conflict era, the post-Korean conflict era, the Vietnam era, and the post-Vietnam era. The Assistant Secretary of Education for Postsecondary Education and the Deputy Assistant Secretary of Labor for Veterans' Employment shall be ex officio members of the advisory committee.

(b) The Administrator shall advise and consult with the committee from time to time with respect to the administration of this chapter and chapters 32, 34, and 35 of this title. The committee may make such reports and recommendations as it deems desirable to the Administrator and the Congress.

(c) The committee shall remain in existence until December 31, 1989.

* * * * * * *

§ 1795. Limitation on period of assistance under two or more programs

(*a*) The aggregate period for which any person may receive assistance under two or more of the laws listed below—

(1) parts VII or VIII, Veterans Regulation numbered 1(a), as amended;

(2) title II of the Veterans' Readjustment Assistance Act of 1952;

(3) the War Orphans' Educational Assistance Act of 1956;

(4) chapters [31,] *32*, 34, 35, and 36 of this title[,] and the former chapter 33*;*

may not exceed forty-eight months (or the part-time equivalent thereof[, but this section shall not be deemed to limit the period for which assistance may be received under chapter 31 alone].

(b) No person may receive assistance under chapter 31 of this title in combination with assistance under any of the provisions of law cited in clauses (1), (2), (3), and (4) of this section in excess of forty-eight months (or the part-time equivalent thereof) unless the Administrator determines that additional months of benefits under chapter 31 of this title are required to accomplish the purposes of vocational rehabilitation as set forth in that chapter.

* * * * * * *

Subchapter III—Education Loans to Eligible Veterans and Eligible Persons

§ 1798. Eligibility for loans; amount and conditions of loans; interest rate on loans

(a) * * *

(b)(1) * * *

* * * * * * *

(3) The aggregate of the amounts any veteran or person may borrow under this subchapter may not exceed [$311] *$342* multiplied by the number of months such veteran or person is entitled to receive educational assistance under section 1661 or subchapter II of chapter 35, respectively, of this title, but not in excess of $2,500 in any one regular academic year.

(c) An eligible veteran or person shall be entitled to a loan under this subchapter if such veteran or person—

(1) is in attendance at an educational institution on at least a half-time basis and (A) is enrolled in a course leading to a standard college degree, or (B) is enrolled in a course, the completion of which requires six months or longer, leading to an identified and predetermined professional or vocational objective, except that the Administrator may waive the requirements of subclause (B) of this clause, in whole or in part, if the Administrator determines, pursuant to regulations which the Administrator shall prescribe, it to be in the interest of the eligible veteran and the Federal Government;

(2) enters into an agreement with the Administrator meeting the requirements of subsection (d) of this section; and

(3) satisfies any criteria established under subsection (g) of this section.

No loan shall be made under this subchapter to an eligible veteran or person pursuing a program of [correspondence, flight,] apprentice or other on-job[, or PREP] training.

* * * * * * *

(f)(1) At the time of application by any eligible veteran for a loan under this section, such veteran shall assign to the benefit of the

Veterans' Administration (for deposit in the Veterans' Administration Education Loan Fund established under section 1799 of this title) the amount of any accelerated payment to which such eligible veteran may become entitled from the Administrator and any matching contribution by a State or local governmental unit pursuant to section 1682A (b)(8) of this title in connection with the school term for which such veteran has applied.

(2) Payment of a loan made under this section shall be drawn in favor of the eligible veteran and mailed promptly to the educational institution in which such veteran is enrolled. Such institution shall deliver such payment to the eligible veteran as soon as practicable after receipt thereof. Upon delivery of such payment to the eligible veteran, such educational institution shall promptly submit to the Administrator a certification, on such form as the Administrator shall prescribe, of such delivery, and such delivery shall be deemed to be an advance payment under section 1780[(d)(5)] *(c)(4)* of this title for purposes of section 1784(b) of this title.

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CHAPTER 41—JOB COUNSELING, TRAINING, AND PLACEMENT SERVICE FOR VETERANS

Sec.

2001. Definitions.
2002. Purpose.
2002A. Deputy Assistant Secretary of Labor for Veterans' Employment.
2003. Assignment of veterans' employment representative.
2004. Employees of local offices.
2005. Cooperation of Federal agencies.
2006. Estimate of funds for administration; authorization of appropriations.
2007. Administrative controls; annual report.
2008. Cooperation and coordination with the Veterans' Administration.

§ 2001. Definitions

For the purposes of this chapter—

[(1) The term "eligible veteran" means a person who served in the active military, naval, or air service and who was discharged or released thereform with other than a dishonorable discharge.]

(1) The term "veteran" means a person—

(A) who served in the active military, naval, or air service for a period of more than 180 days and who was discharged or released therefrom with other than a dishonorable discharge; or

(B) whose discharge or release from active duty was for a disability incurred or aggravated in the line of duty.

* * * * * * *

(4) The term "disabled veteran" means a person (A) who is entitled to disability compensation under laws administered by the Veterans' Administration, or (B) whose discharge or release from active duty was for a disability incurred or aggravated in the line of duty.

(5)(A) Subject to subparagraph (B) of this paragraph, the term "Vietnam-era veteran" means a veteran any part of whose active military, naval or air service was during the Vietnam era.

(B) No veteran may be considered to be a Vietnam-era veteran under this paragraph after December 31, 1989.

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§ 2003. Assignment of veterans' employment representative

The Secretary of Labor shall assign to each State a representative of the Veterans' Employment Service to serve as the veterans' employment representative, and shall further assign to each State one assistant veterans' employment representative per each 250,000 veterans and eligible persons of the State veterans population, and such additional assistant veterans' employment representatives as the Secretary shall determine, based on the data collected pursuant to section 2007 of this title, to be necessary to assist the veterans' employment representative to carry out effectively in that State the purposes of this chapter. Each veterans' employment representative and assistant veterans' employment representative shall be an eligible veteran who at the time of appointment shall have been a bona fide resident of the State for at least two years and who shall be appointed in accordance with the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid in accordance with the provisions of chapter 51 of subchapter III of chapter 53 of such title, relaing to classification and general schedule pay rates. Each such veterans' employment representative and assistant veterans' employment representative shall be attached to the staff of the public employment service in the State to which they have been assigned. They shall be administratively responsible to the Secretary of Labor for the execution of the Secretary's veterans' and eligible persons' counseling and placement policies through the public employment service and in cooperation with [manpower] *employment* and training programs administered by the Secretary or by prime sponsors under the Comprehensive Employment and Training Act in the State. In cooperation with the public employment service staff and the staffs of each such other program in the State, the veterans' employment representative and such representative's assistants shall—

(1) be functionally responsible for the supervision of the registration of eligible veterans and eligible persons in local employment offices for suitable types of employment and training and for counseling and placement of eligible veterans and eligible persons in employment and job training programs;

(2) engage in job development and job advancement activities for eligible veterans and eligible persons, including maximum coordination with appropriate officials of the Veterans' Administration in that agency's carrying out of its responsibilities under subchapter IV of chapter 3 of this title and in the conduct of job fairs, job marts, and other special programs to match eligible veterans and eligible persons with appropriate job and job training opportunities;

(3) assist in securing and maintaining current information as to the various types of available employment and training opportunities, including maximum use of electronic data processing and telecommunications systems and the matching of an eligible veteran's or an eligible person's particular qualifications with an available job or on-job training or apprenticeship opportunity which is commensurate with those qualifications;

(4) promote the interest of employers and labor unions in employing eligible veterans and eligible persons and in conduct-

ing on-job training and apprenticeship programs for such veterans and persons;

(5) maintain regular contact with employers, labor unions, training programs and veterans' organizations with a view to keeping them advised of eligible veterans and eligible persons available for employment and training and to keeping eligible veterans and eligible persons advised of opportunities for employment and training;

(6) promote the participation of veterans in Comprehensive Employment and Training Act programs and monitor the implementation and operation of Comprehensive Employment and Training Act programs to assure that eligible veterans, *disabled veterans, and Vietnam-era veterans* receive special consideration when required; and

(7) assist in every possible way in improving working conditions and the advancement of employment of eligible veterans and eligible persons.

* * * * * * *

§ 2007. Administrative controls; annual report

(a) The Secretary of Labor shall establish administrative controls for the following purposes:

(1) To insure that each eligible veteran[, especially those veterans who have been recently discharged or released from active duty,] and each eligible person who requests assistance under this chapter shall promptly be placed in a satisfactory job or job training opportunity or receive some other specific form of assistance designed to enhance such veteran's and eligible person's employment prospects substantially, such as individual job development or employment counseling services.

* * * * * * *

(c) The Secretary of Labor shall report annually to the Congress on the success of the Department of Labor and its affiliated State employment service agencies in carrying out the provisions of this chapter. [The report shall include, by State, the number of recently discharged or released eligible veterans, veterans with service-connected disabilities, other eligible veterans, and eligible persons who requested assistance through the public employment service and, of these, the number placed in suitable employment or job training opportunities or who were otherwise assisted, with separate reference to occupational training and public service employment under appropriate Federal law.] *The report shall include, by State, the number of veterans, Vietnam-era veterans, disabled veterans, and eligible persons who registered for assistance with the public employment service system and, in each of such categories, the number referred to jobs, the number placed in jobs expected to last over 150 days, the number referred to and placed in job training programs and subsidized employment, the number who were counseled, and the number who received some reportable service.* The report shall also include any determination by the Secretary under section 2004, 2006 or 2007 (a), of this title and a statement of the reasons for such determination.

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CHAPTER 42—EMPLOYMENT AND TRAINING OF DISABLED AND VIETNAM ERA VETERANS

Sec.
2011. Definitions.
2012. Veterans' employment emphasis under Federal contracts.
2013. Eligibility requirements for veterans under [certain Federal manpower] ***Federal employment and*** **training programs.**
2014. Employment within the Federal Government.

§ 2011. Definitions

As used in this chapter—

[(1) The term "disabled veteran" means a person entitled to disability compensation under laws administered by the Veterans' Administration for a disability rated at 30 per centum or more, or a person whose discharge or release from active duty was for a disability incurred or aggravated in line of duty.

[(2) The term "veteran of the Vietnam era" means a person (A) who (i) served on active duty for a period of more than 180 days, any part of which occurred during the Vietnam era, and was discharged or released therefrom with other than a dishonorable discharge, or (ii) was discharged or released from active duty for a service-connected disability if any part of such active duty was performed during the Vietnam era, and (B) who was so discharged or released within the 48 months preceding the person's application for employment covered under this chapter.]

(1) The term "disabled veteran" has the meaning given such term in section 2001(4) of this title.

(2) The term "Vietnam-era veteran" has the meaning given such term in section 2001(5) of this title.

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§ 2012. Veterans' employment emphasis under Federal contracts

(a) Any contract in the amount of $10,000 or more entered into by any department or agency for the procurement of personal property and non-personal services (including construction) for the United States, shall contain a provision requiring that the party contracting with the United States shall take affirmative action to employ and advance in employment qualified disabled veterans and [veterans of the Vietnam era] *Vietnam-era veterans*. The provisions of this section shall apply to any subcontract entered into by a prime contractor in carrying out any contract for the procurement of personal property and non-personal services (including construction) for the United States. In addition to requiring affirmative action to employ such veterans under such contracts and subcontracts and in order to promote the implementation of such requirement, the President shall implement the provisions of this section by promulgating regulations [within 60 days after the date of enactment of this section, which regulations] *which* shall require that (1) each such contractor undertake in such contract to list immediately with the appropriate local employment service office all of its suitable employment openings, and (2) each such local office shall give such veterans priority in referral to such employment openings.

[(b) If any disabled veteran or veteran of the Vietnam era believes any contractor has failed or refuses to comply with the provisions of the contractor's contract with the United States, relating to the employment of veterans, or if any veteran who is entitled to disability compensation under the laws administered by the Veterans' Administration believes that any such contractor has discriminated against such veteran because such veteran is a handicapped individual within the meaning of section 7(6) of the Rehabilitation Act of 1973 (29 U.S.C. 706(6)) such veteran may file a complaint with the Veterans' Employment Service of the Department of Labor. Such complaint shall be promptly referred to the Secretary who shall promptly investigate such complaint and shall take such action thereon as the facts and circumstances warrant consistent with the terms of such contract and the laws and regulations applicable thereto.]

(b) If any disabled veteran or Vietnam-era veteran believes any contractor of the United States has failed to comply or refuses to comply with the provisions of the contractor's contract relating to the employment of veterans, the veteran may file a complaint with the Secretary of Labor, who shall promptly investigate such complaint and take appropriate action in accordance with the terms of the contract and applicable laws and regulations.

§ 2013. Eligibility requirements for veterans under [certain Federal manpower] *Federal employment and* training programs

Any (1) amounts received as pay or allowances by any person while serving on active duty, (2) period of time during which such person served on such active duty, and (3) amounts received under chapters 11, 13, 31, 34, 35, and 36 of this title by a veteran [(as defined in section 101(2) of this title) who served on active duty for a period of more than 180 days or was discharged or released from active duty for a service-connected disability], and any amounts received by an eligible person under chapters 13 and 35 of such title, shall be disregarded in determining the needs or qualifications of participants in any [public service employment program, any emergency employment program, any job training program assisted under the Economic Opportunity Act of 1964, any manpower training program assisted under the Manpower Development and Training Act of 1962, or any other manpower training (or related) program financed in whole or in part with Federal funds.] *employment or training program financed in whole or in part with Federal funds.*

§ 2014. Employment within the Federal Government

(a) It is the policy of the United States and the purpose of this section to promote the maximum of employment and job advancement opportunities within the Federal Government for qualified disabled veterans and [veterans of the Vietnam era.] *Vietnam-era veterans.*

(b)(1) To further the policy stated in subsection (a) of this section, [veterans of the Vietnam era] *Vietnam-era veterans* shall be eligible, in accordance with regulations which the Civil Service Commission shall prescribe, for veterans readjustment appointments, and for subsequent career-conditional appointments, under the terms and conditions specified in Executive Order Numbered 11521 (March 26, 1970), except that—

(A) such an appointment may be made up to and including the level GS–7 or its equivalent;

(B) a [veteran of the Vietnam era] *Vietnam-era veteran* shall be eligible for such an appointment without any time limitation with respect to eligibility for such an appointment; and

(C) a [veteran of the Vietnam era] *Vietnam-era veteran* who is entitled to disability compensation under the laws administered by the Veterans' Administration or whose discharge or release from active duty was for a disability incurred or aggravated in line of duty shall be eligible for such an appointment without regard to the number of years of education completed by such veteran.

[(2) In this subsection, the term "veteran of the Vietnam era" has the meaning given such term in section 2011(2)(A) of this title.]

[(3)]*(2)* No veterans readjustment appointment may be made under authority of this subsection after September 30, 1981.

(c) Each department, agency, and instrumentality in the executive branch shall include in its affirmative action plan for the hiring, placement, and advancement of handicapped individuals in such department, agency, or instrumentality as required by section 501(b) of [Public Law 93-112 (87 Stat. 391),] *the Rehabilitation Act of 1973 (29 U.S.C. 791(b))*, a separate specification of plans (in accordance with regulations which the Civil Service Commission shall prescribe in consultation with the Administrator, the Secretary of Labor, and the Secretary of Health, Education, and Welfare, consistent with the purposes, provisions, and priorities of such Act) to promote and carry out such affirmative action with respect to disabled veterans in order to achieve the purpose of this section.

* * * * * * *

(e) The Civil Service Commission shall submit to the Congress annually a report on activities carried out under this section, except that, with respect to subsection (c) of this section, the Commission may include a report of such activities separately in the report required to be submitted by section 501(d) of [such Public Law 93-112,] *the Rehabilitation Act of 1973 (29 U.S.C. 791(d))*, regarding the employment of handicapped individuals by each department, agency, and instrumentality.

* * * * * * *

(g) To further the policy stated in subsection (a) of this section, the Administrator may give preference to qualified disabled veterans and qualified veterans of the Vietnam era in selecting and appointing individuals for employment in the Veterans' Administration as veterans' benefits counselors and veterans' claims examiners.

CHAPTER 43—VETERANS' REEMPLOYMENT RIGHTS

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§ 2024. Rights of persons who enlist or are called to active duty; Reserves

(a) * * *

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(c) Any member of a Reserve component of the Armed Forces of the United States who is ordered to an initial period of active duty for training of not less than [three consecutive months] *twelve consecu-*

tive weeks shall, upon application for reemployment within thirty-one days after (1) such member's release from such active duty for training after satisfactory service, or (2) such member's discharge from hospitalization incident to such active duty for training, or one year after such member's scheduled release from such training, whichever is earlier, be entitled to all reemployment rights and benefits provided by this chapter for persons inducted under the provisions of the Military Selective Service Act (or prior or subsequent legislation providing for the involuntary induction of persons into the Armed Forces), except that (A) any person restored to or employed in a position in accordance with the provisions of this subsection shall not be discharged from such position without cause within six months after that restoration, and (B) no reemployment rights granted by this subsection shall entitle any person to retention, preference, or displacement rights over any veteran with a superior claim under those provisions of title 5 relating to veterans and other preference eligibles.

[(f) For the purposes of subsections (c) and (d) of this section, full-time training or other full-time duty performed by a member of the National Guard under section 316, 503, 504, or 505 of title 32, is considered active duty for training; and for the purpose of subsection (d) of this section, inactive duty training performed by that member under section 502 of title 32 or section 206, 301, 309, 402, or 1002 of title 37, is considered inactive duty training.]

(f) For the purposes of subsections (c) and (d) of this section, full-time training or other full-time duty performed by a member of the National Guard under section 316, 502, 503, 504, or 505 of title 32 is considered active duty for training. For the purposes of subsection (d) of this section, inactive duty training performed by that member under section 502 of title 32 or section 206, 301, 309, 402, or 1002 of title 37 is considered inactive duty training.

(g) Any member of a Reserve component of the Armed Forces of the United States who is ordered to active duty for not more than 90 days under section 673b of title 10, United States Code, whether or not voluntarily, shall be entitled to all reemployment rights and benefits provided under subsection (c) of this section for persons ordered to an initial period of active duty for training of not less than [three consecutive months] *twelve consecutive weeks*; and shall have the service limitation governing eligibility for reemployment rights under subsections (a) and (b)(1) of this section extended by his period of such active duty.

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PART IV—GENERAL ADMINISTRATIVE PROVISIONS

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CHAPTER 53—SPECIAL PROVISIONS RELATING TO BENEFITS

Sec.
3101. Nonassignability and exempt status of benefits.
3102. Waiver of recovery of claims by the United States.
3103. Certain bars to benefits.
3104. Prohibition against duplication of benefits.

3105. Waiver of retired pay.
3106. Renouncement of right to benefits.
3107. Apportionment of benefits.
3108. Withholding benefits of persons in territory of the enemy.
3109. Payment of certain withheld benefits.
3110. Payment of benefits for month of death.
3111. Prohibition of certain benefit payments.
3112. Annual adjustment of certain benefit rates.
3113. Overpayment adjustments.
3114. Interest and other costs on delinquent payments of certain amounts due the United States

* * * * * * *

§ 3102. Waiver of recovery of claims by the United States

(a) There shall be no recovery of payments or overpayments (*or any interest thereon*) of any benefits under any of the laws administered by the Veterans' Administration whenever the Administrator determines that recovery would be against equity and good conscience, if an application for relief is made within two years from the date of notification of the indebtedness by the Administrator to the payee.

(c) The Administrator may not exercise his authority under subsection (a) or (b) of this section to waive recovery of any payment or the collection of any indebtedness (*or any interest thereon*) if, in his opinion, there exists in connection with the claim for such waiver an indication of fraud, misrepresentation, material fault, or lack of good faith on the part of the person or persons having an interest in obtaining a waiver of such recovery or the collection of such indebtedness (*or any interest thereon*).

* * * * * * *

§ 3113. Overpayment adjustments

(a) If there is an overpayment of compensation under chapter 11 of this title, an overpayment of dependency and indemnity compensation under chapter 13 of this title, an overpayment of pension under chapter 15 of this title, or section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978, or an overpayment of educational assistance benefits under chapter 31, 32, 34, 35, or 36 of this title, the amount of such overpayment shall be deducted (unless waived by the Administrator under section 3102 of this title) from any future payment made under laws administered by the Veterans' Administration to the person concerned.

(b) The right of the Administrator to make deductions under this section shall not be subject to any limitation with respect to the time for bringing civil actions or for commencing administrative proceedings.

§ 3114. Interest and other costs on delinquent payments of certain amounts due the United States

(a) Subject to section 3102 of this title and to subsection (b) of this section, interest and administrative costs shall be charged on amounts owed to the United States for (1) overpayment of benefits under laws administered by the Veterans' Administration, or (2) the provision of care or services under chapter 17 of this title. Interest on such amounts shall accrue from the date of the initial notification of the amount due to the person or educational institution owing such

amount. The administrative costs which may be collected are such amount of the cost to the Veterans' Administration of furnishing the benefit or care or services, and such amount of the cost of the collection of the amount owed the United States for such overpayment or care or services, as may be determined by the Administrator to be equitable.

(b) Interest under this section shall not be charged if the amount due the United States is paid within a reasonable period of time. The Administrator shall prescribe by regulation what shall constitute a reasonable period of time for such payment.

(c) The rate of interest to be charged under this section shall be based on the rate of interest paid by the United States for its borrowing and shall be determined under such regulations as the Administrator shall prescribe.

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CHAPTER 57—RECORDS AND INVESTIGATIONS

SUBCHAPTER I—RECORDS

Sec.
3301. Confidential nature of claims.
3302. Furnishing of records.
3303. Certification of records of District of Columbia.
3304. Transcript of trial records.

SUBCHAPTER II—INVESTIGATIONS

3311. Authority to issue subpenas.
3312. Validity of affidavits.
3313. Disobedience to subpena.

Subchapter I—Records

§ 3301. Confidential nature of claims

(a) * * *

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(a) (*1*) The amount of pension, compensation, or dependency and indemnity compensation of any beneficiary shall be made known to any person who applies for such information, and the Administrator, with the approval of the President, upon determination that the public interest warrants or requires, may, at any time and in any manner, publish any or all information of record pertaining to any claim.

(*2*) *Any appraisal report or certificate of reasonable value submitted to or prepared by the Veterans' Administration in connection with any home, condominium, or mobile home loan under chapter 37 of this title shall be made available to any person who applies for such report or certificate.*

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[(f) The Administrator may, pursuant to regulations the Administrator shall prescribe, release the names or addresses, or both, of any present or former members of the Armed Forces, and/or their dependents, (1) to any nonprofit organization if the release is directly connected with the conduct of programs and the utilization of benefits under this title, or (2) to any criminal or civil law enforcement governmental agency or instrumentality charged under applicable law with the protection of the public health or safety if a qualified representative of such agency or instrumentality has made a written request that such names or addresses be provided for a purpose authorized by law. Any organization or member thereof or other person who, knowing that the use of any name or address released by the Administrator pursuant to the preceding sentence is limited to the purpose specified in such sentence, willfully uses such name or address for a purpose other than those so specified, shall be guilty of a misdemeanor and be fined not more than $5,000 in the case of a first offense and not more than $20,000 in the case of any subsequent offense.]

(f)(1) The Administrator may disclose the name or address, or both, of any person who is a present or former member of the Armed Forces or a dependent of a present or former member of the Armed Forces (and such other information concerning such person as is authorized to be released under subsection (e) of this section)—

(A) to any nonprofit organization, if the release is directly connected with the conduct of programs and the utilization of benefits under this title;

(B) to any criminal or civil law enforcement governmental agency or instrumentality charged under applicable law with the protection of the public health or safety, if a qualified representative of such agency or instrumentality has made a written request that such name or address, or both, be provided for a purpose authorized by law;

(C) to any consumer reporting agency—

(i) for the purpose of locating any such person—

(I) if the person has been administratively determined to be indebted to the United States by virtue of participation in any Veterans' Administration benefits program; or

(II) when necessary to conduct any study authorized by section 219 of this title or authorized or required by any other Federal law pertaining to the evaluation of veterans' benefits programs; or

(ii) subject to paragraph (2) of this subsection, if the person has been determined by the Administrator to have failed to respond to administrative efforts to collect moneys owed by such person to the United States by virtue of participation in any Veterans' Administration benefits program; or

(D) for use in connection with proceedings for the collection of amounts owed to the United States by virtue of the participation by such person in any Veterans' Administration benefits program.

(2)(A) Disclosure of information under clause (C)(ii) of paragraph (1) of this subsection may only be made for the purpose of obtaining consumer reports in order to assess the ability of the person to repay the amount owed to the United States or to give notice of the outstanding obligation.

(B) The Administrator may not disclose any information under clause (C)(ii) of paragraph (1) of this subsection which would give notice of a debt owed by any person to the United States until after

thirty days have elapsed after reasonable efforts have been made to notify the person of the Administrator's intent to disclose information concerning the debt.

(3) If a person to whom paragraph (1) of this subsection applies who has been administratively determined to be indebted to the United States by virtue of participation in any Veterans' Administration benefits program alleges that the Veterans' Administration is in error as to the existence or the amount of the indebtedness or alleges that repayment of all or any part of such indebtedness is not required, disclosure of such person's name and address may not be made under clause (C)(ii) of paragraph (1) of this subsection until a determination regarding the allegation has been made by the Administrator.

(4) Section 552a of title 5 shall not apply to records released by the Administrator to a consumer reporting agency under a contract entered into to accomplish any of the purposes set forth in clause (C) of paragraph (1) of this subsection. The Administrator shall take reasonable steps to provide for the personal privacy of persons about whom information is disclosed under such clause.

(5)(A) Any organization or member thereof or other person who, knowing that the use of any name or address released by the Administrator pursuant to paragraph (1) of this subsection (except as specified in subparagraph (B) of this paragraph) is limited to the purpose specified in such paragraph, willfully uses such name or address for a purpose other than those so specified, shall be guilty of a misdemeanor and be fined not more than $5,000 in the case of a first offense and not more than $20,000 in the case of any subsequent offense.

(B) Subparagraph (A) of this paragraph shall not apply to the use of any name or address released by the Administrator to a consumer reporting agency under a contract entered into to accomplish any of the purposes of clause (C) of paragraph (1) of this subsection.

(6) The Administrator shall prescribe regulations for the administration of paragraphs (1), (2), and (3) of this subsection.

(7) For the purpose of this subsection, the term "consumer reporting agency" means—

(A) a consumer reporting agency, as such term is defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)); or

(B) any organization (as determined by the Administrator) which provides to an agency described in subparagraph (A) of this paragraph information relating to the credit experience of persons.

(g)(1) The Administrator may disclose the name or address, or both, of any person (and such other information relating to the identity of such person as the Administrator may prescribe) to any person in a category of persons described in regulations prescribed pursuant to paragraph (3) of this subsection, if the release of such information is necessary for the purpose of—

(A) determining the creditworthiness, credit capacity, income, or financial resources of a person who has (i) applied for any benefit under chapter 37 of this title, or (ii) submitted an offer to the Administrator for the purchase of property acquired by the Administrator under section 1820(a)(5) of this title;

(B) verifying, either before or after the Administrator has approved a person's application for assistance in the form of loan insurance or a loan guaranty under chapter 37 of this title, information submitted by a lender to the Administrator regarding the creditworthiness, credit capacity, income, or financial resources of such person.

(C) offering for sale or other disposition by the Administrator, pursuant to section 1820 of this title, any loan or installment sale contract owned or held by the Administrator; or

(D) providing assistance to any applicant for benefits under chapter 37 of this title or administering such benefits, so long as the Administrator records the fact of the disclosure in the records of the person concerned.

(2) Section 552a of title 5 shall not apply to records released by the Administrator to a consumer reporting agency under a contract entered into to accomplish any of the purposes set forth in paragraph (1) of this subsection. The Administrator shall take reasonable steps to provide for the personal privacy of persons about whom information is disclosed under such paragraph. For the purposes of this paragraph, the term "consumer reporting agency" has the meaning given such term by paragraph (7) of subsection (f) of this section.

(3) The Administrator shall prescribe regulations for the administration of this subsection. Such regulations shall specify and describe the categories of persons to whom information may be released under paragraph (1) of this subsection.

[(g)**]** *(h)* Any disclosure made pursuant to this section shall be made in accordance with the provisions of section 552a of title 5.

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SECTION 604 OF THE VIETNAM ERA VETERANS READJUSTMENT ASSISTANCE ACT OF 1972

TITLE VI—EFFECTIVE DATES AND SAVINGS PROVISIONS

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SEC. 604. (a) Notwithstanding the provisions of section 1712(b) of title 38, United States Code, a wife or widow **[**(1) eligible to pursue a program of education exclusively by correspondence by virtue of the provisions of section 1786 of such title (as added by section 316 of this Act) or (2)**]** entitled to receive the benefits of subsection (a) of section 1733 of this title (as added by section 313 of this Act), shall have 10 years from the date of the enactment of this Act in which to complete such a program of education or receive such benefits.

(b) Notwithstanding the provisions of section 1712(a) or 1712(b) of title 38, United States Code, an eligible person, as defined in section 1701(a)(1) of such title, who is entitled to pursue a program of apprenticeship or other on-job training by virtue of the provisions of section 1787 of such title (as added by section 316 of this Act) shall have eight years from the date of the enactment of this Act in which to complete such a program of training, except that an eligible person defined in section 1701(a)(1)(A) of such title may not be afforded educational assistance beyond his thirty-first birthday.

G.I. BILL IMPROVEMENT ACT OF 1977

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TITLE III—OTHER EDUCATION AND TRAINING AMENDMENTS

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OPERATION PERIOD WAIVER, EDUCATIONAL INSTITUTION AND ADMINISTRATIVE PROCEDURES

SEC. 305. (a)(1) * * *

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(b)(1) * * *

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(3) For the purpose of carrying out paragraph **[**(1)**]** *(2)* of this subsection, there are authorized to be appropriated $1,000,000.

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TITLE IV—WOMEN'S AIR FORCES SERVICE PILOTS

SEC. 401. (a)(1) Notwithstanding any other provision of law, the service of any person as a member of the Women's Air Forces Service Pilots (a group of Federal civilian employees attached to the United States Army Air Force during World War II), or the service of any person in any other similarly situated group the members of which rendered service to the Armed Forces of the United States in a capacity considered civilian employment or contractual service at the time such service was rendered, shall be considered active duty for the purposes of all laws administered by the Veterans' Administration if the Secretary of Defense, pursuant to regulations which the Secretary shall prescribe—

(A) after a full review of the historical records and all other available evidence pertaining to the service of any such group, determines, on the basis of judicial and other appropriate precedent, that the service of such group constituted active military service, and

(B) in the case of any such group with respect to which such Secretary has made an affirmative determination that the service of such group constituted active military service, issues to each member of such group a discharge from such service under **[**honorand**]** *honorable* conditions where the nature and duration of the service of such members so warrants.

Discharges issued pursuant to the provisions of the first sentence of this paragraph shall designate as the date of discharge that date, as determined by the Secretary of Defense, on which such service by the person concerned was terminated.

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